

No. 14V6775. A53

PT. 7



GIVEN BY

U. S. SUPT. OF DOCUMENTS

77-6775
INVESTIGATION OF ORGANIZED CRIME
IN INTERSTATE COMMERCE

HEARINGS

BEFORE THE

SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE

UNITED STATES SENATE

EIGHTY-FIRST CONGRESS

SECOND SESSION

AND

EIGHTY-SECOND CONGRESS

FIRST SESSION

PURSUANT TO

S. Res. 202

(81st Congress)

A RESOLUTION AUTHORIZING AN INVESTIGATION OF
ORGANIZED CRIME IN INTERSTATE COMMERCE

PART 7

NEW YORK—NEW JERSEY

JULY 11; AUGUST 15; OCTOBER 11, 12; DECEMBER 12, 13, 1950;
FEBRUARY 13, 14, 15; MARCH 12, 13, 14, 15, 16, 19, 20, 21, 1951

Printed for the use of the Special Committee To Investigate
Organized Crime in Interstate Commerce



452
-9

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

U.S. Congress
" **HEARINGS**
BEFORE THE
**SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE**
UNITED STATES SENATE
EIGHTY-FIRST CONGRESS
SECOND SESSION
AND
EIGHTY-SECOND CONGRESS
FIRST SESSION
PURSUANT TO
S. Res. 202
(81st Congress)

A RESOLUTION AUTHORIZING AN INVESTIGATION OF
ORGANIZED CRIME IN INTERSTATE COMMERCE

PART 7

NEW YORK—NEW JERSEY

JULY 11; AUGUST 15; OCTOBER 11, 12; DECEMBER 12, 13, 1950;
FEBRUARY 13, 14, 15; MARCH 12, 13, 14, 15, 16, 19, 20, 21, 1951

Printed for the use of the Special Committee To Investigate
Organized Crime in Interstate Commerce



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1951

U. S. SUPERINTENDENT OF DOCUMENTS

MAY 18 1951

**SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN
INTERSTATE COMMERCE**

ESTES KEFAUVER, Tennessee, *Chairman*

HERBERT R. O'CONOR, Maryland

CHARLES W. TOBEY, New Hampshire

LESTER C. HUNT, Wyoming

ALEXANDER WILEY, Wisconsin

RUDOLPH HALLEY, *Chief Counsel*

II

CONTENTS

Testimony of—

	Page
A'Hearn, Walter F., detective, Saratoga Springs, N. Y., accompanied by Danie H. Prior, attorney, Albany, N. Y.	465-473, 1263-1273
Ambro, Jerome G., Brooklyn, N. Y., assistant attorney general, State of New York	563-583, 869-877
Anastasia, Umberto (Albert), Palisades, N. J.	672-693, 1696-1716
Anastasia, Anthony, Hoboken, N. J.	1473-1489
Arkin, Jack W., New York, N. Y.	95-103
Astore, Charles, Lodi, N. J., accompanied by James V. Toscano, Jr., attorney	20-25
Bals, Frank C., Fort Lauderdale, Fla.	583-601, 1098-1129
Barker, John W., New York, N. Y.	54-74
Bernstein, James B., Jamaica, N. Y.	197-205
Bernstein, William, New York, N. Y.	74-78
Borelli, Michael M., commissioner of public safety, Hoboken, N. J., accompanied by Samuel J. Davidson, attorney, Hoboken, N. J.	1438-1456
Borelli, Frank Nicholas, Cliffside Park, N. J.	236-241
Braden, Spruille, chairman, Anti-Crime Committee of New York	1601-1608
Bruno, Andrew Patio, New York, N. Y.	183-197
Bugnon, Emile E., chief of police, Wood-Ridge, N. J.	28-30
Calandra, Anthony A., attorney, Newark, N. J., representing Gerald Catena	244-246
Casey, Walter, acting lieutenant, detective division, New York City Police Department	1-6
Cassese, Vincent, Brooklyn, N. Y., accompanied by Leo Healy, attorney, Brooklyn, N. Y.	865-868
Catena, Gerald, South Orange, N. J.	647-664
Catena, Mrs. Katherine, South Orange, N. J., accompanied by Anthony Calandra, Newark, N. J.	103-112
Charnay, David B., Allied Public Relations Associates, accompanied by Henry E. Schultz, attorney	695-716
Corsi, Edward, New York, N. Y.	1580-1585
Costello, Frank, New York, N. Y., accompanied by George Wolf, attorney, New York, N. Y.	877-1021, 1170-1179 1258-1262, 1419-1437, 1585-1601, 1625-1659, 1661-1676
Courtney, Irving, New York, N. Y., accompanied by James Ronayne, attorney	527-531
Crane, John P., president, local 94, International Association of Fire Fighters, New York, N. Y., accompanied by Mr. Gelb, attorney, New York, N. Y.	1273-1281, 1676-1690
Dameo, Philip L., Shorthills, N. J.	167-172
Doto, Joseph, alias Joe Adonis, Fort Lee, N. J., accompanied by Harold H. Corbin, attorney, New York, N. Y.	280-316, 847-865
Drolet, Father Jerome A., St. Charles Church, Lafourche Parish, La.	1202-1208
Erickson, Frank, accompanied by Harold H. Corbin, attorney, New York, N. Y.	810-830
Florio, Edward J., Hoboken, N. J.	1456-1466
Gaffney, John A., superintendent, New York State Police	412-431, 1241-1257
Gale, Joseph T., New York, N. Y.	83-88
Goldstein, George, Newark, N. J.	112-148
Goldstein, Julius, Schenectady, N. Y.	459-465
Haffenden, Charles R., New York, N. Y.	1187-1198
Haft, Isidore, New York, N. Y.	88-90
Hathorn, Frank S., sheriff, Saratoga County, N. Y.	487-499
Hauser, Virginia Hill, Spokane, Wash.	1144-1170
Hedden, Walter P., director of port development, Port of New York Authority	1130-1134
Helfand, Julius, assistant district attorney, Kings County, N. Y.	1022-1042

Testimony of—Continued

Page

Henschel, Joseph, New York, N. Y., accompanied by Arthur H. Schwartz, attorney	510-526
Katz, Louis, Brooklyn, N. Y., accompanied by John J. Broderick, attorney	693-695
Kessler, Milton, Brooklyn, N. Y.	205-218
LaForge, Charles, inspector, New York State Police, Troy, N. Y.	402-412, 432-436, 1210-1228
Lansky, Meyer, New York, N. Y., accompanied by Moses Polakoff, attorney, New York, N. Y.	148-163, 601-618
Lascari, Michael, East Orange, N. J.	732-743
Leary, James, Saratoga County, N. Y.	499-509
Levine, Samuel, Bureau of Narcotics, United States Treasury Department	1076-1098
Levy, George Morton, attorney, Freeport, Long Island, N. Y.	758-810, 1042-1066
Lipsky, Charles, Long Island, N. Y.	831-847
Longano, Arthur, Englewood, N. J., accompanied by John E. Selser, attorney, Hackensack, N. J.	385-399
Longano, Mrs. Jean, Englewood, N. J., accompanied by Theodore Rosenberg, attorney, Paterson, N. J.	173-179
Lynch, James, Palisades Park, N. J., accompanied by John E. Selser, attorney, Hackensack, N. J.	375-385
Lynch, Mrs. Virginia, Palisades Park, N. J., accompanied by Theodore Rosenberg, attorney, Paterson, N. J.	179-183
McDonald, Miles F., district attorney, Kings County, N. Y.	1022-1042
McGarvey, Francis S., chief inspector, New York State Police	436-446, 1228-1241
McLaughlin, James Francis, Valley Stream, N. Y.	1066-1076
McLaughlin, John, Lindy Lake, N. J.	12-16
Malone, William B., Paterson, N. J.	31-33
Martin, Gerard M., receptionist, office of the fire commissioner, New York City Fire Department	1311-1316, 1320-1321
Mello, Joseph, Fairlawn, N. J.	16-20
Moity, Warren J., New Iberia, La.	1208-1210
Moran, James J., commissioner, board of water supply, New York City	618-640, 1282-1309
Moretti, Salvatore, Demarest, N. J., accompanied by John E. Selser, attorney, Hackensack, N. J.	246-279
Moretti, William, Hasbrouck Heights, N. J., accompanied by John T. Sullivan, attorney, New York, N. Y.	321-374
Morici, Theodore, M. D., Passaic, N. J., accompanied by John T. Sullivan, attorney, New York, N. Y.	78-83
Murtagh, Hon. John M., chief magistrate of the city of New York	1401-1419
Narushef, Theodore, Linden, N. J.	1467-1473
Neal, Clarence H., Jr., New York, N. Y.	716-721
O'Dwyer, Hon. William, United States Ambassador to the Republic of Mexico	1326-1401, 1491-1580
Orecchio, Michael, chief of county detectives in the office of the county prosecutor, Fairview, N. J.	218-236
Panettiere, Dr. Vincent J., Corona, Long Island, N. Y.	1200-1201
Paris, Anna Z., Brooklyn, N. Y.	664-672
Profaci, Joe, Brooklyn, N. Y., accompanied by James Ronayne, attorney	743-751
Rox, Patrick F., chief of police, Saratoga Springs, N. Y., accompanied by Daniel H. Prior, attorney	473-487
Rutkin, James, Newark, N. J., accompanied by Jack L. Cohen, attorney	531-561
Schmidt, Kenneth, Teaneck, N. J., industrial relations manager, Wright Aeronautical Corp., Wood-Ridge, N. J.	25-28
Silver, Henry, New York, N. Y.	38-54
Simandl, Sidney, Newark, N. J., and Jack L. Cohn, Newark, N. J.	164-167
Simon, Alfred L., Ballston Spa, N. Y.	726-729
Stand, Bert, New York, N. Y.	721-726, 1619-1625
Stephens, Philip, business manager, New York Daily News	1134-1142
Sullivan, John T., New York, N. Y., representing William Moretti, Hasbrouck Heights, N. J.	35-38

Testimony of—Continued

	Page
Sutherland, Alexander A., security director, Wright Aeronautical Corp. engine plant, Wood-Ridge, N. J.-----	7-12
Tausend, Francis, New York, N. Y.-----	90-95
Weber, Lou, Brooklyn, N. Y.-----	640-647, 1310-1311, 1316-1320
Weiss, Philip, Saratoga Springs, N. Y.-----	446-459
White, Col. George H., narcotics agent, United States Treasury.-----	1180-1187
White, Henry, chief of police, Lodi, N. J.-----	30-31
Summary of exhibits-----	VI
Tuesday, July 11, 1950-----	1
Tuesday, August 15, 1950-----	7
Wednesday, October 11, 1950-----	35
Thursday, October 12, 1950-----	157
Tuesday, December 12, 1950-----	243
Wednesday, December 13, 1950-----	319
Tuesday, February 13, 1951-----	401
Wednesday, February 14, 1951-----	563
Thursday, February 15, 1951-----	731
Monday, March 12, 1951-----	753
Tuesday, March 13, 1951-----	869
Wednesday, March 14, 1951-----	975
Thursday, March 15, 1951-----	1085
Friday, March 16, 1951-----	1199
Monday, March 19, 1951-----	1323
Tuesday, March 20, 1951-----	1491
Wednesday, March 21, 1951-----	1611
Appendix-----	1727
Supplemental data-----	1729

SCHEDULE OF EXHIBITS

Number and summary of exhibits	Introduced on page—	Appears on page—
1. Charles Henry Silver's withholding receipt for 1945, showing wages in amount of \$2,900, listing employer as Anthony Guarini, G. & R. Trading Co., Hasbrouck Heights, N. J.-----	39	(1)
2. Charles Henry Silver's withholding receipt for 1947, showing wages in amount of \$3,350, listing employers as James Lynch, Gerald Catena, Joseph Doto, and Salvatore Moretti, doing business as L. & C. Amusement Co., care of Charles Handler.-----	41	(1)
3. Charles Henry Silver's withholding receipt for 1948, from L. & C. Amusement Co., care of Charles Handler, individuals being J. Lynch, G. Catena, J. Doto, and S. Moretti.-----	41	(1)
4. Charles Henry Silver's withholding receipt for 1948, showing wages in amount of \$1,500, from Pal Trading Co., care of Charles Handler, the principals being J. Lynch, J. Doto, A. Guarini, et al.-----	41	(1)
5. Charles Henry Silver's withholding receipt for 1948, from General Trading Co., Hasbrouck Heights, N. J.-----	42	(1)
6. Income-tax returns and related documents covering 1947 and 1948, submitted by John W. Barker.-----	70	(2)
7. Letter dated December 11, 1950, to Hon. Estes Kefauver, from John Briggs, vice president, Ford Motor Co.-----	298	(3)
8. Letters dated October 20, 1950, to H. G. Robinson, chief investigator, from Mel B. Lindquist, general industrial relations manager, Ford Motor Co., and November 25, 1950, to R. E. Beiser, general manager, National Automotive Transporters Association, Detroit, Mich., from Automotive Conveying Co. of New Jersey, Paul Bonadio, vice president.-----	315	(3)
9. Card and photograph of building housing United States Linen Supply Co. in Paterson, N. J.-----	371	(1)
10. Photograph of William Moretti's home and list of directors of various corporations.-----	371	(1)
11. Photostat of check on Corn Exchange Bank Trust Co. for \$350, dated February 24, 1948, endorsed "James Lynch" and "Max Stark, special," and deposited in Mercantile Bank of New York.-----	380	(1)
12. Photostat of check on Corn Exchange Bank Trust Co. for \$500, dated September 26, 1947, endorsed "James Lynch" and "Max Stark, special," and deposited in Mercantile Bank of New York.-----	380	(1)
13. John W. Barker's withholding statement for 1947, listing employer as James Lynch, Gerald Catena, Joseph Doto, and Salvatore Moretti, L. & C. Amusement Co., care of Charles Handler, 790 Broad Street, Newark, N. J.-----	383	(1)
14. John W. Barker's withholding statement from L. & L. Co., R. F. D. No. 1, Saratoga Springs, N. Y.-----	383	(1)
15. Milton Kessler's withholding statement for 1945, listing employer as Anthony Guarini, G. & R. Trading Co., Hasbrouck Heights, N. J.-----	383	(1)
16. Milton Kessler's withholding statement for 1948, listing employer as J. Lynch, G. Catena, J. Doto, and S. Moretti, doing business as L. & C. Amusement Co.-----	383	(1)

See footnotes, p. VII.

SCHEDULE OF EXHIBITS—Continued

Number and summary of exhibits	Introduced on page—	Appears on page—
17. Milton Kessler's withholding statement for 1948, listing employers as J. Lynch, J. Doto, A. Guarini, et al., doing business as Pal Trading Co.-----	384	(1)
18. Milton Kessler's withholding statement for 1947, from Nevada Project Corp., doing business as the Flamingo, Las Vegas, Nev.-----	385	(1)
19. Copy of survey of gambling conditions in Saratoga County, N. Y., in August 1947, identified by Charles LaForge, inspector, New York State police.-----	403	1727
20. State liquor authority release, dated October 4, 1950, re revocation of licenses on the grounds of permitting gambling on the premises.-----	411	(1)
21. First lease, dated January 29, 1943, of Louis Katz for the premises at 1514 Pitkin Avenue, Brooklyn, N. Y.-----	693	(2)
22. Second lease, dated May 14, 1947, of Louis Katz, for the premises at 1514 Pitkin Avenue, Brooklyn, N. Y.-----	693	(2)
23. Preliminary form for petition for naturalization (Frank Costello) and index card with data re Costello's naturalization proceedings, March 13, 1951.-----	915	(1)
24. Tabulation made by the committee of the annual circulation of scratch sheets.-----	1040	(1)
25. Memorandum dated April 1950, Complaints Regarding Public Loaders on Piers in New York Harbor, by Hedden.-----	1131	(1)
26. Copy of articles of incorporation of a slot-machine business.-----	1209	(1)
27. Black book.-----	1417	(1)
28. Presentment of grand jury of King's County, October 29, 1945.-----	1575	(1)
29. Presentment of grand jury of King's County, December 20, 1945.-----	1575	(1)

¹ On file with committee.

² Returned to witness.

³ Written into record.

SUPPLEMENTAL DATA

	Page
1. Letter, dated March 21, 1951, from Joseph P. Ryan, president, International Longshoremen's Association, and enclosed statement.-----	1729
2. Letter, dated March 28, 1951, from Hon. Thomas E. Dewey, Governor, State of New York, and enclosed statements.-----	1731
3. Letter, dated March 28, 1951, from Carmine G. DeSapio, county leader, Democratic County Committee of the County of New York, and enclosed statement, together with letter of March 27, 1951, to Hon. Whitney North Seymour, president, Association of the Bar of the City of New York.-----	1734
4. Telegram from John P. Redmond, president, International Association of Fire Fighters.-----	1737
5. Telegram from John E. Carton, president, Patrolmen's Benevolent Association, City of New York.-----	1738

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, JULY 11, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Washington, D. C.

EXECUTIVE SESSION

The committee met, pursuant to call of the chairman, at 2:30 p. m., in the District of Columbia committee room, the Capitol, Washington, D. C., Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Hunt, and Wiley.

Also present: George S. Robinson, associate counsel.

The CHAIRMAN. The committee will be in order.

(Discussion off the record.)

The CHAIRMAN. I think it would be well to have some of these statements on the record. Lieutenant, will you identify yourself for the record?

TESTIMONY OF WALTER CASEY, ACTING LIEUTENANT, NEW YORK CITY POLICE DEPARTMENT, DETECTIVE DIVISION

Lieutenant CASEY. Walter Casey, acting lieutenant, New York City Police Department, Detective Division.

The CHAIRMAN. How long have you been in the police department, Mr. Casey?

Lieutenant CASEY. 24 years. Prior to that I worked with Lincoln National Detective Agency.

The CHAIRMAN. How old are you?

Lieutenant CASEY. Forty-six. I started when I was 16 doing that work.

The CHAIRMAN. You do not look it. Go ahead and tell us anything else.

Lieutenant CASEY. You mean about the district attorney's office?

The CHAIRMAN. About the general set-up up there.

Lieutenant CASEY. The general set-up in the district attorney's office as far as my knowledge goes would be that Mr. Hogan had a squad of detectives assigned to his office with a Captain Grafnecker and a lieutenant whose name I don't recall right now, and about 60 to 70 detectives assigned to that office to do all the work coming out of that office. In addition to that, the district attorney's office in Brooklyn has a squad of men. I don't know the number, but I imagine it must be 20 to 30 men working out of that office. Right now

he has a number of probationary patrolmen whose identities aren't even known to any of the detective division, working on the gambling probe in Brooklyn. The district attorney's office in Queens County has a staff of detectives. I don't know how many he has, but I should say 10 to 15, maybe 20, and the district attorney in Bronx County also has a staff of New York City detectives assigned to his office.

The CHAIRMAN. You mean the New York City detectives under the police commissioner of New York are assigned to these other municipalities like Brooklyn and Queens?

Lieutenant CASEY. Of course, the detective division of New York City would take in the entire five boroughs.

The CHAIRMAN. I see.

Lieutenant CASEY. They have precinct squads. They have approximately 120 or 130 precincts in the entire city of New York, the 5 boroughs, and each of these precincts has a detective squad with an acting lieutenant or lieutenant or captain in command. Each squad has anywhere from 8 to 25 men assigned to the squad. That is according to how busy that precinct would be. For five precinct detective squads, there would be what is called the divisional officer. The division will be commanded by an acting captain or a deputy inspector or inspector. Then each borough is commanded by a deputy chief inspector. Then we have a chief of detectives who takes in the entire city.

At police headquarters itself we have what is called the central office squads consisting of the specialty squads such as the safe and loft, narcotics, pickpocket, the main office squads, the ballistics bureau, the police laboratory, and they are all commanded by Acting Deputy Chief Inspector Liddon. They work out of police headquarters.

The CHAIRMAN. Lieutenant Casey, while you are here, and since everybody is going to Florida, as you know, if you would give Mr. Robinson or somebody else as much of the picture as you can while you are on this trip, and then you will be available for us to call on you for information or records.

Lieutenant CASEY. At any time at all. I was told by the police commissioner yesterday to inform you gentlemen that anything at all you want in the city of New York is yours, any records, any investigations the committee wants made there, or anything we have in the adjoining States. We have quite a bit of information on racketeers in New Jersey.

The CHAIRMAN. We appreciate that very, very much.

Senator HUNT, do you have any questions?

Senator HUNT. I do not believe so.

The CHAIRMAN. Senator Wiley?

Senator WILEY. I think you should state on the record what you started to tell in the beginning before we put it on the record, the connection interstatewise between Jersey and New York. You said, among other things, that you thought that the large racketeers had emigrated to Jersey. Do you want to go more into detail in relation to that and tell us who they are?

Lieutenant CASEY. About 10 years ago there were fellows like Joe Adonis, Albert Anastasia, a fellow named Tony Bender—I have a few cards here that I will refer to—a fellow named Genovese, another fellow named Willie Moretti and Salvatore Moretti, and there are a

number of others whose names I cannot recall right now. They were all residents of New York City, of Brooklyn, Queens, the Bronx, Manhattan. About 7 or 8 years ago they started moving out of the city, and they all seemed to go over into one section of Jersey, just across from the George Washington Bridge, Cliffside, N. J., Hasbrouck Heights, and that section.

Senator WILEY. Do they have their homes there?

Lieutenant CASEY. They have their homes there. There is a bar and grill which is the favorite hang-out, known as Duke's Bar and Grill, and the address is 5786 Palisades Avenue, Cliffside, N. J. That for the last 10 years has been a meeting place for all of these fellows. We have kept these men under observation from time to time. We have trailed anybody living in the city of New York; we keep them under surveillance when we have the men to do it. Many times we take them right from New York over to Jersey. Erickson we have followed from his home at 610 West End Avenue to a place at 31½ Essex Street, in Paterson, N. J. That was about a year ago. That seemed to be his headquarters at that time. He would go there daily, driven there by a chauffeur and a couple of other people who would meet him at his residence. In covering the store at 31½ Essex Street in Paterson we also observed his brother leaving the place. Leonard Erickson, who is his accountant. He is a certified public accountant.

Senator WILEY. What rackets did they engage in?

Lieutenant CASEY. That was bookmaking, but the bookmaking seemed to be all done in Jersey, at least the trips were all made over there. We could never get them to do anything in New York City outside of playing golf. Of course, Leonard Erickson had an office at 487 Park Avenue which was raided by District Attorney Hogan and his office about a month ago, where all the records in the Erickson case were found. Erickson since then has been indicted, at least an information filed in the special session and he pleaded guilty and received 2 years in prison and also a \$30,000 fine.

Senator WILEY. What effect does that have on bookmaking?

Lieutenant CASEY. I never did any work on gambling. My work was to get the background of these racketeers, to dig up any information I could possibly do, such as their associates with whom they were associating, where they hang out, any businesses that they may have, legitimate or illegitimate. Then we have a special squad assigned to the chief inspector's office that does all the gambling work. The detective division does not handle the gambling in New York City.

Senator WILEY. Who looks after the racketeering in relation to shipment, getting large quantities of materials that have been stolen and disposed of, and so forth?

Lieutenant CASEY. We have our safe and loft squad that handles all truck highjackers. They also handle any safe burglary and any loft burglary in the city, any warehouse burglary in the city of New York.

Senator WILEY. It has been estimated that \$100,000,000 worth is taken that way. Have you done anything to find out who is the head of that racket?

Lieutenant CASEY. If it has been estimated \$100,000,000 has been taken that way, it didn't come into our office. The reports never came in to our office, so I would have no knowledge of it.

Senator WILEY. What about the rackets in labor unions?

Lieutenant CASEY. We have a special squad that takes care of labor unions, what we call the special services, the bureau of special services. Senator WILEY. That is the Maritime Union too?

Lieutenant CASEY. That takes all unions, any union trouble at all. They have records of all the officers. I guess they can tell you practically anything about any union in New York City.

Senator WILEY. Who is the head of that squad?

Lieutenant CASEY. There is a new captain, I think his name is Smith, who was put in charge of the squad recently.

Senator WILEY. What suggestions have you to make as to how to handle, from the standpoint of the Federal Government, the situation as you know it, the racket situation in New York, in New Jersey, and so forth?

Lieutenant CASEY. I wouldn't have any suggestions right now. I believe that Chief Liddon, who has handled a lot of this work, would be the man to make any suggestions.

Senator WILEY. I think you said something in one of your previous statements that you did have some information on the bookmaking proposition that connected up with Florida. Any place else?

Lieutenant CASEY. We know that these fellows in New York and New Jersey have connections in Florida. They have such places as the Colonial Inn, and I think Frank Costello was supposed to own the Beverly Club in New Orleans, just outside of New Orleans. Then several years ago they had gambling houses in Las Vegas, Nev. Who had those I don't recall right now. I believe a man named Meyer Lansky had something to do with that; also Bugsy Siegel, who was killed on the west coast several years ago.

Senator WILEY. You have in New York a State income tax, haven't you?

Lieutenant CASEY. Yes, sir.

Senator WILEY. Do these fellows return their State income to New York or to New Jersey?

Lieutenant CASEY. I don't know.

Senator WILEY. New Jersey has a State income tax, do you know?

Lieutenant CASEY. I don't know whether Jersey has one or not. I may be wrong, but I don't believe Jersey has a State income tax. I might be wrong.

Senator WILEY. Are there any distinct fields of racketeering that you have knowledge of that you think the committee should have information about outside of what you have stated?

Lieutenant CASEY. No, sir; not that I can recall.

The CHAIRMAN. How about the narcotics trade?

Lieutenant CASEY. The narcotics trade is another phase that is handled by a special squad, the narcotics squad. They have probably 25 to 30 detectives assigned to that work and that work only. Any information that any detective in New York City gets regarding narcotics must be given to the narcotics squad so that squad can handle it. Of course, they work in cooperation with the Federal Narcotics Bureau.

The CHAIRMAN. That is fine. We appreciate very much your offer of help, and we will call on you very extensively.

Lieutenant CASEY. Anything that we can possibly give you you are welcome to.

Mr. Halley asked me last night to show you these pictures in which he thought you might be interested. This is the residence of William Moretti.

The CHAIRMAN. Can we keep these pictures?

Lieutenant CASEY. I will get a set and send it down.

The CHAIRMAN. It is a nice house, isn't it?

Lieutenant CASEY. This is another view of Moretti's house. He has a beautiful home there. This is a residence of Anastasia overlooking the Hudson. This is the residence of Abner Zwillman, known as Longie Zwillman, East Orange, N. J. This is the home of Zwillman at Deal, N. J., his summer home.

The CHAIRMAN. You mean he has two houses?

Lieutenant CASEY. So has Moretti. This is the summer home of Frank Costello on Long Island. This is the home of Genovese, in New Jersey. This is the residence of Thomas Luchese, at Malvern, N. Y. That is in New York City. This is another view of Zwillman's home in Deal, N. J. This is the residence of Joe Adonis.

The CHAIRMAN. Where does he live?

Lieutenant CASEY. He lives at Cliffside, N. J. This is a photograph of Duke's Bar and Grill in Cliffside, N. J. That is the hang-out for all these fellows.

The CHAIRMAN. What sort of cooperation do you get out of New Jersey police commissioners and the attorney general?

Lieutenant CASEY. Any work that we had in Jersey we do ourselves, if we can, without asking cooperation, because all of our work would be surveillance. When we have these fellows under surveillance we don't want too many people to know it. We don't want anybody to tip them off. For that reason any surveillance work we generally keep to ourselves, whether it is these racketeers or a burglar or anybody. We have a special squad doing that work who are not known to the public. They are all young fellows.

Mr. ROBINSON. May I ask how long have these people been under surveillance?

Lieutenant CASEY. On and off. They are not kept under surveillance steadily. We haven't enough men to do that. We have probably 50 or 60 that we have to keep watch on, so we just take one or two at a time and spend 4 or 5 days, and then we have a check made of their residence to see whether they are in or out of the city, and if so, we have several contacts there to tell us where they went. We don't go too far out of the city ourselves.

The CHAIRMAN. Who is supposed to own Duke's Bar?

Lieutenant CASEY. I have his name. DeNoia, I believe it is. It is a similar name, anyway, D-e-N-o-i-a. That is phonetic. I am not just sure how to spell his name, but it is a name similar to that. I have his name and can get it for you. I think he just fronts for it. I think he just has the license and probably somebody else has the place itself. That place has been visited time and time again, I believe, by the FBI and some Federal agencies going back as far as 7, 8, or 9 years ago.

The CHAIRMAN. These details we will be getting from you from time to time and if you could send us copies of these pictures we certainly would appreciate it.

Lieutenant CASEY. I will get copies and send them down to you, surely.

The CHAIRMAN. Mr. Robinson, I think we ought to release these letters to the press and also write the mayor and police commissioner an appropriate letter and tell them how grateful we are for their offer of assistance and for assigning Lieutenant Casey with us to act until the deputy chief inspector returns from his vacation, and that we will be calling upon these officers who have been designated to give us information and help from time to time. Give the substance of what I have said to the press. Lieutenant Casey came down personally to offer his services and made a brief statement before the committee.

Is that an appropriate statement?

Senator HUNT. Quite appropriate. Would the use of Mr. Casey's name jeopardize his work? Could you not do the work a little better if it were not publicized?

Lieutenant CASEY. I think it was pretty well publicized in New York. About a year ago we got a lot of publicity on the squad up there working on these fellows. I think most of them know it anyway.

Senator HUNT. You gentlemen know more about that than I do.

The CHAIRMAN. That is a point well made. Would you be spotted so that they would know you are helping the committee?

Lieutenant CASEY. No. They know me by name. I don't think more than two or three of these fellows know me personally.

The CHAIRMAN. All right, thank you, Lieutenant Casey.

(Discussion off the record.)

(The testimony of M. H. Goldschein, special assistant to the Attorney General, Department of Justice, Washington, D. C., is included in pt. 12 of the hearings of the committee. The hearing was adjourned at 3:50 p. m.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, AUGUST 15, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

EXECUTIVE SESSION

The committee met at 2:35 p. m., pursuant to call, in room 513, United States Courthouse, Foley Square, New York City, N. Y.

Present: Rudolph Halley, chief counsel; John F. Elich and Patrick C. Murray, investigators.

STATEMENT OF ALEXANDER A. SUTHERLAND, SECURITY DIRECTOR, WRIGHT AERONAUTICAL CORP. ENGINE PLANT, WOOD-RIDGE, N. J.

Mr. HALLEY. You are security director of the Wright Aeronautical Corp., engine plant, at Wood-Ridge, N. J.?

Mr. SUTHERLAND. That is correct.

Mr. ELICH. How long have you been security director there, Mr. Sutherland?

Mr. SUTHERLAND. Since January of 1948. That is 2 years and 7 months.

Mr. ELICH. During that period of time as the security director certain matters were brought to your attention indicating that certain employees are active in accepting bets from other employees in the plant?

Mr. SUTHERLAND. That is correct.

Mr. ELICH. The money that is collected by these individuals goes where?

Mr. SUTHERLAND. To the best of my knowledge, across the street from the Wright plant to an establishment operated by Charles Astore.

Mr. ELICH. When you say this is delivered to Charles Astore, you have a considerable number of guards who work for you who are stationed at the various entrances and exits?

Mr. SUTHERLAND. That is correct.

Mr. ELICH. Did you ever receive any information that possibly one of the employees was making a delivery of a package to somebody to deliver across the street?

Mr. SUTHERLAND. Yes; I did.

Mr. ELICH. Do you know what employee that was?

Mr. SUTHERLAND. Joseph Mello.

Mr. ELICH. Is he known to be one of the bookmakers in the plant?

Mr. SUTHERLAND. Yes; he is.

In fact, the top bookmaker.

Mr. ELICH. When you say the top, do you mean he possibly collects from other runners?

Mr. SUTHERLAND. That is correct.

Mr. ELICH. Then after collecting from the other runners, what does he do?

Mr. SUTHERLAND. He wouldn't necessarily take it out nor has he been within the last, let's say, 60 days. Other employees have been doing that.

Mr. ELICH. Do you have the names of those other employees?

Mr. SUTHERLAND. Yes; I do.

Mr. ELICH. Would you be able to name those employees?

Mr. SUTHERLAND. Yes. One is John C. Hayes.

Mr. ELICH. Let me interrupt at this point. When you say that John C. Hayes has taken out these so-called collections, do you have some information which indicates that he leaves the plant at specific times and returns within a period of time?

Mr. SUTHERLAND. Yes; I do have.

Mr. ELICH. What do you have showing that?

Mr. SUTHERLAND. A form which we call a gate pass, which an employee must sign upon leaving the premises at any time during his working shift other than his normally scheduled lunch period.

Mr. ELICH. Have you found that John Hayes leaves the plant quite frequently during a weekly period?

Mr. SUTHERLAND. I found that over a period of 10 or 12 consecutive days, his departures would be between 1:25 and 1:30 p. m.

Mr. ELICH. In other words, the reason for that probably is that track time is around 1:30 or 2 o'clock at most of the tracks, and the company pays him for this time?

Mr. SUTHERLAND. Yes; that is correct.

Mr. ELICH. Does this pass show the reason why he is leaving the plant?

Mr. SUTHERLAND. In some instances the comment was made on there for personal reasons. In other instances there was no comment on the pass. Understand, that these passes have to be approved by his supervisor. In other words, the man can't just leave the plant on the basis of his signature. He has to have his supervisor's approval on that gate pass.

Mr. ELICH. Would you say it is common knowledge among the supervisors that they know why the person leaves the plant for this period of time?

Mr. SUTHERLAND. Let me get that question.

Mr. ELICH. Would you say that it is common knowledge for the supervisors to know why some of these employees leave the plant periodically?

Mr. SUTHERLAND. I wouldn't say that it was common knowledge, but I could only believe that over a period of time a supervisor must know or be well aware of the fact why a man day after day would leave the plant at about the same time and return perhaps 10 or 12 minutes later.

Mr. ELICH. Would you give us the names of the other people who

have been reported to us as being bookmakers within the Wright Aeronautical plant?

Mr. SUTHERLAND. Yes. Let me refer to my records here.

There is one here, W. William Malone, then John McLaughlin. I have already given you John C. Hayes.

Just so we are clear on this, I don't want to leave the impression here that I have information that these men actually removed material from the plant. I am speaking now of men who are active within departments in the plant going around and picking up.

Mr. ELICH. That is right. You might indicate, too, the occupation that these people perform in the plant for the purpose of showing that the positions they occupy probably give them freedom of movement.

Mr. SUTHERLAND. All right. Joseph Mello, electric trucker; and Anthony Altieri, janitor; Joseph McCluskey, Frank Longo, receiving clerks; Patrick Mancini, trucker; Murray Glatt, he is an expediter. Both Mancini and McCluskey are truckers; James Perotti—I don't have his occupation—Dominick Altieri, engine disassembler; Albert Proulx, tool maker; Frank Bonito, tool maker.

Mr. HALLEY. Do you have a much longer list?

Mr. SUTHERLAND. No. Joseph Rotondo, laborer; C. Chartiore, assembler; George Semento, lathe operator; Kenneth Schwoy, engine tester; Stephen Gooch—I don't have his occupation.

Mr. ELICH. In addition to the list of names——

Mr. SUTHERLAND. May I interrupt?

Mr. ELICH. Yes.

Mr. SUTHERLAND. I have one more man who has been observed leaving the premises.

Mr. ELICH. But you don't know whether he is a bookmaker or not?

Mr. SUTHERLAND. I can only tell you that I have once observed him leave the plant and go to this establishment across the street: A. J. Cavaliere. He is an inspector.

Mr. HALLEY. The establishment across the street is a diner; isn't it?

Mr. SUTHERLAND. No. It is a combination taxi stand and novelty shop at the moment.

Mr. HALLEY. That is the wholesale jobbers novelty company? What is the name of the novelty shop?

Mr. SUTHERLAND. I don't know.

Mr. HALLEY. What other evidence have you that these people were bookmakers?

Mr. SUTHERLAND. I have personally not seen transactions take place in the plant. I haven't seen envelopes or slips or money passed. Any information which I have here is data which I have received from confidential sources.

Mr. HALLEY. Various employees in the plant told you about it?

Mr. SUTHERLAND. That is right.

Mr. HALLEY. That is the answer. Who do you think is the head man in all this gambling?

Mr. SUTHERLAND. Inside the plant, Mello.

Mr. HALLEY. On the horse track racing?

Mr. SUTHERLAND. That is right.

Mr. HALLEY. Do they do other kinds of gambling?

Mr. SUTHERLAND. There were reports, which I never confirmed, that there were baseball pools operating. I checked that recently, and we couldn't come up with any evidence.

Mr. HALLEY. What does Altieri have to do with it?

Mr. SUTHERLAND. Which Altieri is that, Dominick?

Mr. HALLEY. Yes.

Mr. SUTHERLAND. He was reported as being a picker-upper in certain areas in the plant.

Mr. HALLEY. That is Dominick Altieri?

Mr. SUTHERLAND. That is right.

Mr. HALLEY. Have you made attempts to stop it?

Mr. SUTHERLAND. Yes, we have, Mr. Halley.

Mr. HALLEY. What have you done?

Mr. SUTHERLAND. On two occasions. Back in the latter part of 1948, either November or December, I don't have those particular notes with me—Mr. Schmidt has them—management decided, because of the unfavorable publicity in the newspapers that we should report the matter to the prosecutor's office in Hackensack. Mr. Schmidt, who is industrial relations director, and myself, were assigned to see Chief Emile Bugnon of Wood-Ridge and tell him what management's wishes were and he accompanied us to the prosecutor's office in Hackensack. The matter was discussed with Chief Michael Orecchio, of the prosecutor's staff and arrangements were made by Orecchio to have Pinkerton furnish an undercover operative in the plant. Before Pinkerton's man came in I submitted a list of about 15 names along with photographs to Orecchio and gave him any additional information I had as to points of pick-up in the plant. The operative of Pinkerton's was in the plant about a week. Subsequent to his departure my boss and Bugnon were called to Orecchio's office and the investigator's report was read to us. Following that, I received a call one day from Chief Orecchio, say, either in January or February of 1949, and at the time he told me that he wanted to contact Schmidt and couldn't reach him, so he gave me this message. He said that he, Orecchio, had had Mr. James Gyle, who is acting president of the union in the plant at that time, and George Granmore, who is regional representative of the CIO, in his office and he instructed them to go back to the Wright plant and to tell their people, that is the way he put it, to tell their people that they would have to discontinue picking up bets in the plant. Following that, I continued to compile information until about 60 days ago when I again went to my boss and told him that I had been receiving information from various employees in the plant that two of my own guards had helped to establish the fact that certain individuals were leaving the plant at about the same time every day. They did not know where they were going to. I observed John Hayes leave the premises—do you want the locations?

Mr. HALLEY. Try to make it fast at this point. I am just trying to get the over-all story.

Mr. SUTHERLAND. I saw him leave the plant premises and drive in his car to Charles Astore's establishment. I saw him get out of the car. I saw Astore step out. They both walked in an alleyway to the rear of the building. I could not see what transpired there. I continued to report and retain as many gate pass records pertinent to Hayes as I could gather.

Mr. HALLEY. Couldn't you just refuse to issue gate passes?

Mr. SUTHERLAND. No.

Mr. HALLEY. Why not? Couldn't the plant change its rules?

Mr. SUTHERLAND. As long as a man comes to the gate and has the supervisor's name on the pass we couldn't refuse to let him out.

Mr. HALLEY. Couldn't the supervisor refuse to let him out?

Mr. SUTHERLAND. Surely.

Mr. HALLEY. Didn't the management take it up with the supervisor and say, "No more"?

Mr. SUTHERLAND. What?

Mr. HALLEY. Couldn't the management take it up with the supervisor?

Mr. SUTHERLAND. The reason the management didn't take this particular case up that I am relating of 60 days ago was because we were asked by Mr. Stammer's office not to take any action so that they could continue their investigation on the outside in anticipation of getting to some of the bigger individuals.

Mr. HALLEY. Did they finally come to a conclusion?

Mr. SUTHERLAND. No. As far as I know—Mr. Schmidt can answer that better than I can, but to my knowledge it is still an active case as far as Attorney General Parsons' office is concerned.

Mr. ELICH. Approximately how many runners do you think there are at the plant?

Mr. SUTHERLAND. Of my own knowledge only the names that I have given to you?

Mr. ELICH. How big is the Wright Aeronautical plant? How many employees do you have?

Mr. SUTHERLAND. As this particular time about 8,000.

Mr. ELICH. Have you received any letters from any business people over in that vicinity complaining that employees were unable to pay their bills or to take care of their families on account of losing their money?

Mr. SUTHERLAND. I have not.

Mr. ELICH. Do you have any idea as to how much money each one of these runners picks up a day?

Mr. SUTHERLAND. Might I say something here? The only call that I ever had in connection with complaints of men losing their week's wages in the plant would be perhaps a year and a half ago when Chief Vander Valk Ryan spoke to me on the phone and said, "Al, I had a physician in town report to me that the wife of an employee in the Wright plant could not pay her doctor's bill because her husband was losing his wages gambling."

Mr. HALLEY. Is it the official position of the company that the gambling interferes with production?

Mr. SUTHERLAND. Definitely.

Mr. HALLEY. Why?

Mr. SUTHERLAND. Why? The men who are running around picking up bets are losing time. They are annoying other employees at their various occupations. We would consider it detrimental to production.

Mr. HALLEY. Do you think it takes the men's minds off their work?

Mr. SUTHERLAND. Oh, I would think so.

Mr. HALLEY. Is that the official view of the company?

Mr. SUTHERLAND. Is that the official view of the company?

Mr. HALLEY. Yes.

Mr. SUTHERLAND. I don't think, Mr. Halley, that I would be quite in position to say that is the official view. I am not an official of the company in that sense.

Mr. HALLEY. I know, but have you been informed that it is?

Mr. SUTHERLAND. Naturally that would be management's conclusion on it. They are against it. We have notices at vantage points in the plant that gambling in any form is prohibited. We give each employee a rule book that tells them that gambling is prohibited.

Mr. HALLEY. Are there other questions?

(Discussion off the record.)

Mr. HALLEY. What is your name?

Mr. TOSCANO. James C. Toscano, Jr.

Mr. HALLEY. Do you represent Mr. McLaughlin, is that it?

Mr. TOSCANO. Yes, sir.

Mr. HALLEY. I understand you represent some of the other witnesses who are here.

Mr. TOSCANO. Yes, sir. I represent four all told.

Mr. HALLEY. Who is paying your fee on this, the individuals who are witnesses?

Mr. TOSCANO. That is right.

Mr. HALLEY. You represent McLaughlin, is that right?

Mr. TOSCANO. Yes, sir.

Mr. HALLEY. Malone?

Mr. TOSCANO. Mr. Malone.

Mr. HALLEY. Astore?

Mr. TOSCANO. Astore and Mr. Mello.

Mr. HALLEY. I don't believe we can allow you to stay here with all the witnesses.

Mr. TOSCANO. I asked Mr. Elich and he says—

Mr. HALLEY. When a man represents one witness, but we won't let one counsel sit here and represent everybody.

Mr. TOSCANO. That is up to you gentlemen.

Mr. HALLEY. I am sorry, that is an impossibility. You can pick any one of them.

Mr. TOSCANO. All right.

(Mr. Toscano left the room.)

Mr. ELICH. This is Mr. John McLaughlin.

STATEMENT OF JOHN McLAUGHLIN, LINDY LAKE, N. J.

Mr. HALLEY. Mr. McLaughlin, I am the counsel to the Senate Committee Investigating Interstate Crime. We are looking into a charge that there has been a considerable amount of bookmaking at the Wright Aeronautical plant at which you work. This is not a committee hearing and you will not be put under oath, but we want you to cooperate, if you will, by answering questions and answering them honestly. You are entitled to be represented by counsel and if you want to exercise that privilege you may.

Mr. McLAUGHLIN. We all had the same counsel.

Mr. HALLEY. That is something I will not permit. If you want somebody else, you may have him or if he wants to pick you as the one he will represent, that is all right.

Mr. McLAUGHLIN. Let him pick who he wants. It doesn't matter to me.

Mr. HALLEY. What is your address, Mr. McLaughlin?

Mr. McLAUGHLIN. The address that the subpena was served at?

Mr. HALLEY. Your home address.

Mr. McLAUGHLIN. Lindy Lake, N. J.

Mr. HALLEY. What is your position at the Wright Aeronautical plant?

Mr. McLAUGHLIN. Inspector.

Mr. HALLEY. In what department?

Mr. McLAUGHLIN. Inspection department. I guess you could call it vendor's inspection.

Mr. HALLEY. On the final assembly?

Mr. McLAUGHLIN. No. Small parts inspection. We inspect small purchase parts.

Mr. HALLEY. You were served with a subpena, were you not, Mr. McLaughlin, by Mr. Elich?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. At that time I believe you told him that you had been accepting bets at the Wright plant for a number of years?

Mr. McLAUGHLIN. Yes.

Mr. HALLEY. Is that the fact?

Mr. McLAUGHLIN. I guess; yes.

Mr. HALLEY. How much in bets do you pick up on the average day?

Mr. McLAUGHLIN. The weekly average would be better. The weekly average may be \$100 or \$120.

Mr. HALLEY. Total for the week?

Mr. McLAUGHLIN. Yes.

Mr. HALLEY. I thought you told Mr. Elich it was about that per day.

Mr. McLAUGHLIN. No. I misunderstood him. I thought he meant for the week. You can't get around too much. You have to stay with your own certain department.

Mr. HALLEY. What do you do with the money you pick up?

Mr. McLAUGHLIN. Most of it I keep myself.

Mr. HALLEY. Do you ever pass it over to Charles Astore?

Mr. McLAUGHLIN. No.

Mr. HALLEY. You told Mr. Elich that you did.

Mr. McLAUGHLIN. No. I have never given Charlie any money.

Mr. HALLEY. Mr. Elich is sitting right here.

Mr. McLAUGHLIN. Not for bets, anyway. We paid Charlie for scratch sheets and other things, cab fares.

Mr. HALLEY. Who is "we"?

Mr. McLAUGHLIN. Some of the other fellows that I would pick up.

Mr. HALLEY. Who books the bets?

Mr. McLAUGHLIN. Each individual fellow.

Mr. HALLEY. You don't book bets. Let's not be silly.

Mr. McLAUGHLIN. The few small ones that come in; yes.

Mr. HALLEY. You book them out of your own capital?

Mr. McLAUGHLIN. I mean they have to be small.

Mr. HALLEY. You don't book bets, do you?

Mr. McLAUGHLIN. If you could see the bets——

Mr. HALLEY. Don't you leave the plant regularly to go see Astore?

Mr. McLAUGHLIN. I don't leave the plant at all outside my regular working hours.

Mr. HALLEY. Why did you tell Mr. Elich that the take for you is about \$100 a day; that you turn it over either directly or indirectly to Astore for various runners?

Mr. McLAUGHLIN. None of us turn it over to Charlie that I know of.

Mr. HALLEY. Who did you turn it over to?

Mr. McLAUGHLIN. I keep most of it myself. Like I say, any of the large bets at times there would be fellows at the back gate that we could turn them over to and take them away.

Mr. HALLEY. Who would be at the back gate?

Mr. McLAUGHLIN. Well, I knew a fellow as Julia—I don't know his name. Sometimes a fellow by the name of Mac would come.

Mr. HALLEY. Where did you meet them?

Mr. McLAUGHLIN. At the back gate or the front gate, wherever it was convenient for them.

Mr. HALLEY. Where did you first get to know them?

Mr. McLAUGHLIN. Through a couple of fellows in the shop.

Mr. HALLEY. For whom?

Mr. McLAUGHLIN. Joe.

Mr. HALLEY. Joe who?

Mr. McLAUGHLIN. Joe Mello.

Mr. HALLEY. He introduced you to these people?

Mr. McLAUGHLIN. There was no introduction at all. Different fellows that were picking up just said, if you wanted to take bigger bets out, he would be at the back gate whenever you wanted him. Give him a call any afternoon.

Mr. HALLEY. When would he come back to pay off if there was a payoff?

Mr. McLAUGHLIN. The next day.

Mr. HALLEY. And you would meet him at the back gate?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. At what time?

Mr. McLAUGHLIN. Generally after dinner, anywhere from a quarter to 1 or 1 o'clock to 1:30.

Mr. HALLEY. Any other questions?

Mr. ELICH. In other words, who gives you a scratch sheet that you operate with yours?

Mr. McLAUGHLIN. If we want scratch sheets we call Charlie up and Charlie would get the scratch sheets.

Mr. ELICH. Charlie Astore?

Mr. McLAUGHLIN. That is right.

Mr. ELICH. How many scratch sheets does he give you for distribution to the men who are going to play with you?

Mr. McLAUGHLIN. We have to buy the scratch sheets.

Mr. ELICH. I understand, but how many do you buy from him?

Mr. McLAUGHLIN. Two or three. There are not that many fellows around.

Mr. ELICH. Then you go around and pass those out. Who is it that actually gives you the scratch sheets—Charlie?

Mr. McLAUGHLIN. We go up to the back gate and get them or the front gate or sometimes I go out on my lunch hour and get them.

Mr. ELICH. In other words, the man that you turn over the bets that you don't intend to hold on to is the man who comes around to

pay you off in the morning, at that time also delivers the scratch sheet to you?

Mr. McLAUGHLIN. Generally he doesn't have the scratch sheets. Charlie sometimes came over with them or we went over to Charlie's.

Mr. ELICH. If this man that you met out at the gate comes up there, does he come at a regular time every day?

Mr. McLAUGHLIN. Not every day.

Mr. ELICH. Does he come up there on foot?

Mr. McLAUGHLIN. No. He always has a car.

Mr. ELICH. He drives a car.

Mr. McLAUGHLIN. Yes, sir.

Mr. ELICH. Are you the only ones who go out to meet him to get the payoff?

Mr. McLAUGHLIN. No.

Mr. ELICH. How many others go out there with you?

Mr. McLAUGHLIN. Generally—I was going to say—offhand I might be the only one, me or whoever else had a bet coming up. Everybody wouldn't be there.

Mr. ELICH. Would you say that most of the fellows lose their bets, then?

Mr. McLAUGHLIN. The ones I turned over I should say the majority.

Mr. ELICH. What percent do you get of the money that you turn over to the outside?

Mr. McLAUGHLIN. Nothing on that.

Mr. ELICH. Nothing. Why do you do it?

Mr. McLAUGHLIN. If the bets hit, you are out of luck.

Mr. ELICH. What would you call a large bet?

Mr. McLAUGHLIN. Anything over a dollar.

Mr. ELICH. Anything over a dollar you turn over to them?

Mr. McLAUGHLIN. Yes.

Mr. ELICH. What is the average bet that is made?

Mr. McLAUGHLIN. What do you mean, the fellows in the shop?

Mr. ELICH. Yes.

Mr. McLAUGHLIN. Most of them are 50-cent bets.

Mr. ELICH. Is it all on horses?

Mr. McLAUGHLIN. Mine is; yes.

Mr. ELICH. Do any of the supervisors bet with you?

Mr. McLAUGHLIN. No.

Mr. ELICH. Do the supervisors have knowledge that you are accepting those bets?

Mr. McLAUGHLIN. It is a funny question. Offhand they have never said anything to me like that.

Mr. ELICH. Do the men who are working in the shop open their scratch sheets in front of supervision?

Mr. McLAUGHLIN. Not that I know of; no.

Mr. ELICH. Do you have any radios in the plant?

Mr. McLAUGHLIN. No.

Mr. ELICH. Then you do not know what the results are in the afternoon?

Mr. McLAUGHLIN. No; not unless somebody comes in on the second shift.

Mr. ELICH. Do you ever call out to get the results?

Mr. McLAUGHLIN. No.

Mr. ELICH. There is no way for you to get the results?

Mr. McLAUGHLIN. No.

Mr. ELICH. You do not handle any baseball tickets?

Mr. McLAUGHLIN. No.

Mr. ELICH. Do you handle any lottery tickets?

Mr. McLAUGHLIN. No.

Mr. ELICH. About what percentage do you find between the play and the win? If you take in, as you have stated to me you took in, \$100 a day—we will let that go for the time being—if you take in \$120 a week, approximately what percentage of that is usually returned to the employees in winning bets?

Mr. McLAUGHLIN. Maybe 75 percent I guess.

Mr. ELICH. Seventy-five percent losers. In other words, out of \$120 for the week you figure you are making yourself around \$75 to \$90 a week?

Mr. McLAUGHLIN. No. I wouldn't make that much a week, if 75 percent of the bets hit. I couldn't make that much.

Mr. ELICH. Seventy-five percent of the bets do hit?

Mr. McLAUGHLIN. I would say an average, yes.

Mr. ELICH. You are not under oath today, Mr. McLaughlin.

Mr. McLAUGHLIN. That is right.

Mr. ELICH. I think possibly you might be called a little later on. I know a little bit about plant betting. I know something about the plants and I know something that is in this plant, and I don't believe that you are being truthful with this committee. That is all I have to say.

Mr. HALLEY. I will add this: You made one statement to Mr. Elich a few days ago and others did too. I don't know what they are going to say. But now you all come in with the same lawyer, and what has happened is quite apparent to me. You are going to be called back and put under oath. I don't know that bookmaking in a plant is a serious offense, if indeed it is considered any offense. That I don't know, but I do know that giving false testimony under oath before a Senate committee is a felony and I would advise you to consider carefully the testimony you are going to give. We are not interested in the bookmaking aspect of this as much as in the fact that it is a war plant, and the question of whether or not it should be stopped as being a good or bad thing. We are here to get the facts. I strongly advise you to consider carefully whether your testimony under oath is going to be honest or not. That will be all now.

STATEMENT OF JOSEPH MELLO, FAIRLAWN, N. J.

Mr. HALLEY. Mr. Mello, I am asking questions on behalf of the Senate Crime Investigating Committee and we are interested in bookmaking in the Wright plant because it is a war plant. We understand that Mr. Elich here served a subpoena on you a few days ago.

Mr. MELLO. That is true.

Mr. HALLEY. You are here pursuant to that subpoena.

Mr. MELLO. That is right.

Mr. HALLEY. What is your address?

Mr. MELLO. 13-26 Orchard Street, Fairlawn, N. J.

Mr. HALLEY. What is your job at the plant?

Mr. MELLO. I am a power trucker.

Mr. HALLEY. How long have you worked there?

Mr. MELLO. Eleven years.

Mr. HALLEY. How long have you been making book there?

Mr. MELLO. Well, it was a short time after I came back from the service, maybe it was about a year and a half after I came back from the service.

Mr. HALLEY. How did you get started?

Mr. MELLO. One of the fellows who was picking up was leaving and he asked me if I wanted to take it. I didn't know the first thing about it, but I figured if I could make a dollar, I would try it.

Mr. HALLEY. How did it work?

Mr. MELLO. I beg your pardon?

Mr. HALLEY. How did it work?

Mr. MELLO. Well, right around the plant I met different people who wanted to bet and I would take their bets.

Mr. HALLEY. Where did you get the information, the scratch sheets and things?

Mr. MELLO. We got the scratch sheets from Charlie.

Mr. HALLEY. Charlie who?

Mr. MELLO. Astore.

Mr. HALLEY. What did you do with the bet he took?

Mr. MELLO. We took the bets.

Mr. HALLEY. Who did you turn the money over to? Who booked them?

Mr. MELLO. We did.

Mr. HALLEY. You booked them yourself?

Mr. MELLO. That is right.

Mr. HALLEY. That is not what you told Mr. Elich the other day.

Mr. MELLO. The other day when Mr. Elich came I was very much disturbed, I think, a little on the nervous side like I am right now.

Mr. HALLEY. You ought to be nervous because you are not telling the truth.

Mr. MELLO. I am telling the truth.

Mr. HALLEY. You come here with Charlie Astore and with Malone and McLaughlin, and you all have the same lawyer.

Mr. MELLO. We all got together.

Mr. HALLEY. You talked it all over, didn't you?

Mr. MELLO. No; not at all.

Mr. HALLEY. Would it be right to say you all have the same story now and have decided to stick to a story?

Mr. MELLO. No; it is not a story. It is the truth.

Mr. HALLEY. Do you keep all your bets?

Mr. MELLO. No. We give the bigger ones away.

Mr. HALLEY. Whom did you give the bigger ones to?

Mr. MELLO. A fellow by the name of Julia.

Mr. HALLEY. What is his full name?

Mr. MELLO. I don't know anything only Julia.

Mr. HALLEY. How did he get there for you to know him?

Mr. MELLO. Through Charlie Astore.

Mr. HALLEY. Does Julia work for Charlie?

Mr. MELLO. Not that I know of.

Mr. HALLEY. How do you get your scratch sheets from Charlie?

Mr. MELLO. At the gate or go out and get them.

Mr. HALLEY. Where did you get them?

Mr. MELLO. I beg your pardon?

Mr. HALLEY. Where did you go for them?

Mr. MELLO. Either out of the plant or at the gate.

Mr. HALLEY. Would you meet Charlie there?

Mr. MELLO. Yes.

Mr. HALLEY. Himself?

Mr. MELLO. That is right.

Mr. HALLEY. And he would give you scratch sheets?

Mr. MELLO. That is right.

Mr. HALLEY. Did he ever book any of the big bets?

Mr. MELLO. Not that I know of.

Mr. HALLEY. Did you pay him for the scratch sheets?

Mr. MELLO. Yes.

Mr. HALLEY. How much?

Mr. MELLO. Twenty-five cents apiece.

Mr. HALLEY. How many a day did you buy?

Mr. MELLO. Three or four or five.

Mr. HALLEY. How many runners are there at the plant taking bets?

Mr. MELLO. That is a hard question to answer, sir.

Mr. HALLEY. What is your best guess?

Mr. MELLO. On the three shifts?

Mr. HALLEY. Let's take your own shift, which shift are you on?

Mr. MELLO. The first. There are quite a few.

Mr. HALLEY. Over ten?

Mr. MELLO. Oh, yes.

Mr. HALLEY. Over 50?

Mr. MELLO. Yes, I would say there are over 50.

Mr. HALLEY. Are there over a hundred?

Mr. MELLO. Numerous people picking up all kinds of bets, baseball, numbers, horses.

Mr. HALLEY. Did all the fellows who took horse bets work more or less together?

Mr. MELLO. We would interchange bets with one another, but as far as finances were concerned we all worked on our own.

Mr. HALLEY. Did you all buy scratch sheets from Charlie Astore?

Mr. MELLO. I don't know if they all did. I know I did.

Mr. HALLEY. You know you are not under oath now, but you will be under oath when the committee convenes here. I suppose bookmaking, I am not sure but in New Jersey I think bookmaking is not a very serious offense.

Mr. MELLO. I don't know.

Mr. HALLEY. Petty bookmaking, I don't know if they bother with it at all—

Mr. MELLO. I haven't booked in that plant in the last 5 or 6 months.

Mr. HALLEY. But testifying falsely under oath, of course, is perjury and I hope you understand that.

Mr. MELLO. I do.

Mr. HALLEY. Because we are going to bring you back and put you under oath and get the facts. We expect to get them at that time.

Is there anything you would like to say now about that?

Mr. MELLO. No.

Mr. HALLEY. You do admit that you told Mr. Elich the other day that you were booking the bets and taking the money to Charlie Astore?

Mr. MELLO. No. He asked me if I gave Charlie money, and I told him "Yes."

Mr. HALLEY. What do you mean, any money?

Mr. MELLO. On the scratch sheets.

Mr. HALLEY. He asked you if you booked your daily take.

Mr. MELLO. I am sorry I didn't understand it that way.

Mr. HALLEY. There was no doubt about it. There is nothing about scratch sheets at all.

Mr. MELLO. That is the impression I got.

Mr. HALLEY. What is your average daily take?

Mr. MELLO. I average from \$75 to \$100 a week; \$125 a week.

Mr. HALLEY. Of course, you told Mr. Elich the other day that it was \$175 a day. Do you remember that?

Mr. MELLO. No; I don't. I don't remember it. I was in a very bad state of nervousness the other night. I really was.

Mr. HALLEY. What were you nervous about?

Mr. MELLO. I don't know. I just came back from my vacation and to be confronted with something like that it really upset me. I haven't been bothering with it.

Mr. HALLEY. Is it possible you told him \$175 a day?

Mr. MELLO. It could be possible. I am not saying it isn't, but it isn't true.

Mr. HALLEY. You told him that it was given to various runners who took it across the street to Astore's, didn't you?

Mr. MELLO. I told him that? I don't think so.

Mr. HALLEY. He says you did. He made a note of it.

Mr. MELLO. I don't think so, Mr. Elich.

Mr. ELICH. We have another witness here; there were two of us there at the time, Mr. Pat Murray and myself at the time of the interview. It was a very short interview and I asked you approximately how much you took in a day and you indicated it was \$175. I asked you to whom did you turn it over, and you said to various runners. I asked you what the various runners did with it and you indicated they took it across the street. Then I asked you if you meant Charlie Astore and you nodded your head that that was right. Isn't that about the total sum of the interview?

Mr. MELLO. Of what I am not sure.

Mr. HALLEY. Is that much true? Was that said?

Mr. MELLO. What is that, sir?

Mr. HALLEY. What he just said.

Mr. MELLO. About the \$175?

Mr. HALLEY. Yes.

Mr. MELLO. I wouldn't know, honestly.

Mr. ELICH. I also asked you if you didn't think there would be probably 200 runners, if that would be a fair number, and you indicated that would be about right.

Mr. MELLO. It is hard to say how many there were offhand.

Mr. ELICH. We were guessing.

Mr. MELLO. On the three shifts anyway. You can go to almost anyone, and I guess they would take any kind of a bet.

Mr. HALLEY. You all got together and talked this over, of course?

Mr. MELLO. No, we didn't. The first time I saw these men was this morning.

Mr. HALLEY. How did you happen to hire your lawyer?

Mr. MELLO. Pardon?

Mr. HALLEY. How did you happen to hire your lawyer?

Mr. MELLO. I called Mr. Astore last night about a lawyer. He said he had gotten one for us.

Mr. HALLEY. Why did you ask Mr. Astore to get a lawyer?

Mr. MELLO. I beg your pardon?

Mr. HALLEY. Why would you ask Astore to get you a lawyer?

Mr. MELLO. I figured he had better contacts than I did.

Mr. HALLEY. Why?

Mr. MELLO. As far as lawyers were concerned.

Mr. HALLEY. Why would he have better contacts, because he was a bookmaker?

Mr. MELLO. Not that I know of.

Mr. HALLEY. Don't you have any knowledge as to whether Astore is a bookmaker?

Mr. MELLO. No; I don't.

Mr. HALLEY. Have you never known Astore to take a bet on a horse race?

Mr. MELLO. Do I know of him taking a bet? No, I don't.

Mr. HALLEY. You have never heard of him taking a bet?

Mr. MELLO. No, I didn't.

Mr. HALLEY. You never saw him?

Mr. MELLO. No, I never did.

Mr. HALLEY. Are you going to stand on that testimony?

Mr. MELLO. Certainly I am.

Mr. HALLEY. I would advise you to think it over very carefully. That will be all right now. Keep yourself available. We are going to call you again on this same subpoena. We are simply adjourning it. Thank you for coming in.

**STATEMENT OF CHARLES ASTORE, LODI, N. J., ACCOMPANIED BY
JAMES V. TOSCANO, JR., ATTORNEY**

Mr. TOSCANO. I decided to represent Mr. Astore. Is that all right?

Mr. HALLEY. Confining it to one client?

Mr. TOSCANO. Yes.

Mr. HALLEY. What is your full name?

Mr. ASTORE. Charles Astore.

Mr. HALLEY. What is your address?

Mr. ASTORE. My home address?

Mr. HALLEY. Yes.

Mr. ASTORE. 395 Westerville Place, Lodi, N. J.

Mr. HALLEY. What is your business?

Mr. ASTORE. I am in the cab business and I own a tavern.

Mr. HALLEY. Where is your tavern?

Mr. ASTORE. 6 Charles Street, Lodi.

Mr. HALLEY. Where is your taxi business located?

Mr. ASTORE. 11 Terhune Avenue.

Mr. HALLEY. Lodi, N. J.?

Mr. ASTORE. Yes.

Mr. HALLEY. Is that located close to the Wright Aeronautical plant?

Mr. ASTORE. On the Lodi side.

Mr. HALLEY. Have you ever been arrested?

Mr. ASTORE. About 8 years ago I had a little argument in the tavern and I was arrested for it.

Mr. HALLEY. Were you convicted?

Mr. ASTORE. I paid \$25 for disorderly.

Mr. HALLEY. Were you ever arrested on any other occasion?

Mr. ASTORE. At one time I was arrested, my brother-in-law was on trial and I walked into a place and they thought I went there to bother a witness, but I didn't even know the witness was there. But it was just dropped afterwards. They held me and dropped it.

Mr. HALLEY. What was your brother-in-law on trial for?

Mr. ASTORE. Robbery in Pennsylvania.

Mr. HALLEY. What is his name?

Mr. ASTORE. Ralph Freeko.

Mr. HALLEY. Do you publish scratch sheets?

Mr. ASTORE. No; I buy them.

Mr. HALLEY. Who do you buy them from?

Mr. ASTORE. A confectionary store on Main Avenue, Passaic.

Mr. HALLEY. What do you need them for?

Mr. ASTORE. Sometimes different places I get them for them, and sometimes they call me up and tell me to get some for them, and I pick them up. I send a cab driver or I go.

Mr. HALLEY. Why do you handle those scratch sheets? What is in it for you?

Mr. ASTORE. I make daily trips to race tracks with the cabs, I have special rates, so I buy a dozen scratch sheets. The fellows I know, they use them on their way to the track. I make trips to the ball games.

Mr. HALLEY. How long have you known John McLaughlin?

Mr. ASTORE. Well, I would say a couple of years. I am not sure.

Mr. HALLEY. When did you meet him?

Mr. ASTORE. When did I meet him? When he went to work in the plant I worked in the plant also.

Mr. HALLEY. What plant?

Mr. ASTORE. Wright's.

Mr. HALLEY. When did you work at Wright?

Mr. ASTORE. The last part of the war, near the end of the war.

Mr. HALLEY. How long did you work there?

Mr. ASTORE. About 4 months, approximately 4 months.

Mr. HALLEY. What was your job there?

Mr. ASTORE. I worked on the third shift, nights; they called it ventilation work, fixing ventilators.

Mr. HALLEY. When did you first meet Wiley Malone?

Mr. ASTORE. During that time, about that time.

Mr. HALLEY. Did he also work in the plant at that time?

Mr. ASTORE. Yes.

Mr. HALLEY. When did you first meet Joseph Mello?

Mr. ASTORE. I would say a couple of years ago.

Mr. HALLEY. How did you happen to meet Mello?

Mr. ASTORE. I had a lot of fellows come down in the cab office hanging around, and they would play cards, and we used to have maybe a card game on week ends, a little pinochle, maybe a little poker and I have a parking lot there, you see. He parks his car in my lot. I have a parking lot where they park cars. That is around the property where the cab company is.

Mr. HALLEY. Do you do any business with them?

Mr. ASTORE. With what?

Mr. HALLEY. With Mello or Malone or McLaughlin?

Mr. ASTORE. They park their car there. As I said, I have taken them to the race track, and they have used the cab. They come around and play cards like everybody else. They hang around there.

Mr. HALLEY. Did you know that they make book in the plant?

Mr. ASTORE. Oh, yes, I know—I don't know who makes book, but I know that book was being made in the plant.

Mr. HALLEY. How do you know that?

Mr. ASTORE. By hearsay, and I worked in the plant and I saw it.

Mr. HALLEY. Did you know that Malone was making book in the plant?

Mr. ASTORE. He led me to believe that he used to every now and then. That is what I was led to believe.

Mr. HALLEY. In fact, you knew that is what they wanted the scratch sheets for, isn't that right?

Mr. ASTORE. That is probably what they wanted them for. Other fellows used to get them too; not only them. Maybe one fellow would come out and I would bring them to the gate.

Mr. HALLEY. You would walk over to the gate and hand them the scratch sheet?

Mr. ASTORE. No. Sometimes one side of the building, sometimes another side of the building, wherever they could come out.

Mr. HALLEY. Have you ever made book?

Mr. ASTORE. No.

Mr. HALLEY. Never?

Mr. ASTORE. No, sir.

Mr. HALLEY. Have you ever had any part of it?

Mr. ASTORE. If you want to say, a couple of years ago I didn't make book, but some fellow used to give me some bets and I used to give them to a fellow by the name of Jimmie who used to work with some company doing some repair work. That was a couple of years ago. He used to give me a few dollars for going to that trouble.

Mr. HALLEY. What part did you do? What trouble did you take?

Mr. ASTORE. I just gave him the bets that anybody else would give me. I gave them to him.

Mr. HALLEY. Who would give you the bets?

Mr. ASTORE. Anybody.

Mr. HALLEY. People from the plant you mean?

Mr. ASTORE. Some would ask me if I could get a bet in for them, and I said I would give it to this fellow Jimmie.

Mr. HALLEY. How recently have you done that?

Mr. ASTORE. Quite a while.

Mr. HALLEY. A year?

Mr. ASTORE. I would say more than that, because I don't stay there any more around the cab office. I go there in the morning for a while. Then I go to the tavern and I stay there all afternoon. About noon-time I go to the tavern. I have boys who stay down at the cab office, the drivers.

Mr. HALLEY. Have you ever helped make bets for McLaughlin to help him out, passing it over to Jimmie?

Mr. ASTORE. That was before. When Jimmie was working there I didn't know him. He worked for a different company. This com-

pany did repair work for the company, an outside contractor. He used to pick up all the bets.

Mr. HALLEY. You say you never made book yourself?

Mr. ASTORE. No, sir.

Mr. HALLEY. Did you ever accept horse bets?

Mr. ASTORE. Just in that way, where I took it and then gave it to this fellow.

Mr. HALLEY. What is this fellow's name, Jimmie what?

Mr. ASTORE. I just knew him by Jimmie, and he worked for this company.

Mr. HALLEY. For what company?

Mr. ASTORE. Mahoney Troast Co.

Mr. HALLEY. What business are they in?

Mr. ASTORE. Construction.

Mr. HALLEY. How do you spell "Troast"?

Mr. ASTORE. T-r-o-a-s-t.

Mr. HALLEY. You pick up the bets an turn them over?

Mr. ASTORE. They would give them to me to give to him.

Mr. HALLEY. To give to whom?

Mr. ASTORE. To give to Jimmie.

Mr. HALLEY. Who would give you these bets, people from the plant?

Mr. ASTORE. Different individuals, yes.

Mr. HALLEY. How long ago was that?

Mr. ASTORE. That company left a little over 3 years ago. They left after the war, right after the war. I don't remember exactly because there was no reason for me to try to remember it.

Mr. HALLEY. Are you going to state that within the last year you haven't accepted any bets on horses?

Mr. ASTORE. I didn't book any bets.

Mr. HALLEY. Did you accept them and pass them on to others?

Mr. ASTORE. If you would ask me—I want to clear myself. If you ask me to give something to him and pass it through my hands, I wouldn't call that taking any bets.

Mr. HALLEY. Did you do that? Did you take bets and pass them on to somebody else?

Mr. ASTORE. No; I did not.

Mr. HALLEY. You didn't do that?

Mr. ASTORE. I didn't take any bets.

Mr. HALLEY. Did you take money from somebody to give to somebody else within the last year?

Mr. ASTORE. Well, for some other reasons.

Mr. HALLEY. For horse bets?

Mr. ASTORE. I probably have taken money and given it to someone to pay someone. I probably have, I am not sure.

Mr. HALLEY. Have you taken money from anybody at the Wright plant to give to somebody else?

Mr. ASTORE. I do everything down there.

Mr. HALLEY. No; I mean take money to place on horse bets.

Mr. ASTORE. I can handle money. I cash checks. As I say, we go to the race track and some fellows borrow money from me. Sometimes being to the track together. I take them to the track. Money is handled. In my parking lot I handle money. Some fellow used to pass by there and pick up bets. Whether he picked them up, I

don't pick them up. He used to take them. If they gave any bets to him I don't know anything about that.

Mr. HALLEY. Did he pick them up at your place?

Mr. ASTORE. No; not in my place. He probably hung around the street. There is more than one side to the plant. I am on the side of the plant. There is the front of the plant that they can go out and all that stuff.

Mr. HALLEY. Have you any questions?

Mr. ELICH. You say you furnished sheets to these individuals; is that right?

Mr. ASTORE. Only when they asked me.

Mr. ELICH. That is right. How much do you charge for them?

Mr. ASTORE. Well, if I give a guy a couple of scratch sheets he gives me a couple of dollars because he pays for the cab fare.

Mr. ELICH. I see.

Mr. ASTORE. I don't go all the time. Sometimes I send my boy over.

Mr. ELICH. Either you or your boy or your taxi stand—how many sheets would you say you furnish to the Wright Aeronautical plant per day?

Mr. ASTORE. I would say approximately 20 to 25, but then there are individuals who come there and buy them from me in the cab office.

Mr. ELICH. The other day in serving the subpoena on you I asked you whether or not the chief of police of Lodi or the chief of police of Wood-Ridge or the two of them together came to you about 1 year ago asking you to put a stop to gambling in the Wright aeronautical plant, and you indicated this was not so. Is that true or false?

Mr. ASTORE. What was not so, that he asked me?

Mr. ELICH. That what I said to you was not so, that they had never come to see you about stopping gambling in the Wright plant.

Mr. ASTORE. Nobody saw me because I have no power to stop it.

Mr. ELICH. They didn't come to you and ask you for your assistance?

Mr. ASTORE. They didn't ask me; no.

Mr. ELICH. Do you know whether or not they asked anybody else?

Mr. ASTORE. They asked me if there was any gambling going on in the cab office pertaining to horses, and I said "No." They said, "If there is, you will cut that out." Of course during the war there was someone else hanging around there taking bets off the street, and he laid down the law to him and at the same time told me if there was any to cut that out. So I don't bother with it.

Mr. ELICH. Did you tell me when I served the subpoena on you that during the war certain individuals used to bring out bets to you because they were unable to go to a bookmaker themselves, and you knew a party that you could do them a favor and place the bet for them?

Mr. ASTORE. Some fellow used to come around, and he used to do business with them, you see. Sometimes he wasn't there, and they would hand it to me to give it to him.

Mr. ELICH. You also indicated at that time that there were some bosses and executives who gave you bets, is that right?

Mr. ASTORE. You say bosses.

Mr. ELICH. I mean part of management, supervisors.

Mr. ASTORE. There were at that time a lot of foremen, during the war.

Mr. ELICH. And a lot of them gave you bets to place for them?

Mr. ASTORE. They would say, "Will you give this to this fellow," and I would say all right.

Mr. ELICH. You would do that for them?

Mr. ASTORE. Yes.

Mr. ELICH. Mr. Halley asked you a while ago whether or not you accepted any bets or any money from various individuals. This is along the same line. Have you ever had anybody deliver to you a package from the Wright aeronautical plant, the contents of which might not be known to you, a brown package or a small bag?

Mr. ASTORE. On several occasions people have left stuff in my office, saying that whenever a fellow comes out for his car to give him the package. A number of time I knew what was in the package, and a number of times I did not.

Mr. ELICH. Would you say that you knew what was in the package?

Mr. ASTORE. Some of them were taking different scraps that the company would ordinarily throw away. They were taking it home. Sometimes like pieces of wood, special kinds of wood, special kinds of, say, stainless steel that they used to make rings with and stuff like that. They used to take it out.

Mr. ELICH. Do you know Salvatore Maretti?

Mr. ASTORE. No.

Mr. ELICH. Do you know Willie Moretti?

Mr. ASTORE. No, sir.

Mr. ELICH. You have never talked to either one of them either by telephone or in person?

Mr. ASTORE. No.

Mr. ELICH. That is all.

Mr. HALLEY. Your subpoena will be continued for appearance before the committee and we will let you know when to come.

Mr. ASTORE. I beg your pardon?

Mr. HALLEY. You are under subpoena and you still remain under subpoena.

Mr. ASTORE. Yes.

Mr. HALLEY. We will let you know when the committee wants to see you?

Mr. ASTORE. All right.

Mr. HALLEY. Thank you.

STATEMENT OF KENNETH SCHMIDT, TEANECK, N. J., INDUSTRIAL RELATIONS MANAGER, WRIGHT AERONAUTICAL CORP., WOOD-RIDGE, N. J.

Mr. ELICH. Your name is Mr. Kenneth Schmidt, S-c-h-m-i-d-t.

Mr. SCHMIDT. That is right. 470 Sagamore Avenue, Teaneck, N. J.

Mr. ELICH. You are the industrial relations director?

Mr. SCHMIDT. Industrial relations manager, Wright Aeronautical Corp., Wood-Ridge, N. J.

Mr. ELICH. Would you explain as to what information you might have which might indicate that there is gambling going on in the Wright aeronautical plant at Wood-Ridge, N. J.?

Mr. SCHMIDT. The only information that I have has come from Mr. Sutherland, and as a result of that information, in the latter part of the summer of 1948 Mr. Sutherland and myself went to Chief Bugnon

of the police. The three of us went over to the prosecutor's office and I talked to Prosecutor Winne and then we went into, I think he is the chief of detectives, Chief, I think, Orecchio. I think he is chief of county detectives. We went over the situation with him and gave him the names of some people whom we thought might be making book or gambling. We were called back, and he suggested that an operative be put in the plant. He made the arrangements with Pinkerton and an operative came in there for approximately a week. Upon the completion of his tour of duty in the plant, Mr. Sutherland, Chief Bugnon, and myself called over Chief Orecchio's office and parts of a report were read to us, indicating that some of the people whose names we had given had acted in a suspicious manner. The report as I remember—I might say here I was never able to get a copy of the report—indicated that he had not seen bets being made but there was suspicious actions.

Toward the middle part of January of 1949, I received a letter from Prosecutor Winne, saying that the charge that Pinkerton was making was \$110.90 and that he would appreciate being reimbursed for that. He asked that the reimbursement be made in cash rather than check, and that was done by me personally on March 3, 1949. We continued to compile information, and approximately 60 days ago I went to Mr. Stammiler who is I believe special attorney general appointed by Mr. Parsons, the attorney general. I gave him all the information that I had, answered all the questions that he asked me, and he said that he would get in touch with me. Approximately a week later one of his investigators came into my office, which is located so that you could look out of the window and see the place that Mr. Astore runs across the street in Lodi. We sat there until I guess it was 3 o'clock and saw no one whom we recognized coming from the plant who were over there that day.

About a week later another investigator whom Mr. Stammiler had borrowed from the ABC came in and said that he had been investigating conditions around the vicinity and indicated that he had found nothing whatsoever of a suspicious nature.

I subsequently went to Mr. Stammiler and indicated to him that we were not at all satisfied with the action that he was taking and suggested that we were going to call Chief Bugnon and ask him to come down and arrest the individual whom we thought was carrying on in the plant. We had quite a lot of discussion about that. Mr. Stammiler indicated that he felt that if that action was taken by us—and mind you, he did not say that we shouldn't take it—he said it probably would upset the appplecart for the investigation that we were making. He spoke of some rather well known figures in supposedly gambling circles. He indicated to me that the place across the street, while to us it appeared to be a very important place, was in the scheme of things a relatively unimportant place, that the moneys that were placed on the horses went from there to some other place, and they were in the process of finding out where.

We talked about getting an operative in, and that night I made that suggestion that the State of New Jersey Department of Health had been in and made a survey and that it might be possible to have someone come in representing the State department of health. He thought that that might be a pretty good idea. He called me the following morning and said that he would have difficulty doing that, and, subse-

quently, I went down there again and at that time he said that he was going to give us his best man as soon as he was relieved of the assignment he was then working on. Subsequent to that he advised me that that man could not be released, and the last conversation that I had with him was that he was working on getting an operative to come into the plant. Mr. Stammeler indicated to me that he thought it would probably take 60 to 90 days for a man within the plant to get the true story on what was going on.

The last request that I had from Mr. Stammeler was for the list of all of the past union officers—and by past I mean those who were defeated in the last election—as well as the list of current union officers, giving the names, addresses, and age. I have that list. I have not sent it to him as yet, but it is ready to go.

Mr. ELICH. How many people do you believe are engaged in gambling activities in the Wright plant over a 24-hour period in view of the fact that I understand you do have three shifts?

Mr. SCHMIDT. I can't answer that. I don't know.

Mr. ELICH. Would you be able even to hazard a guess?

Mr. SCHMIDT. No.

Mr. ELICH. How many people have been reported to you as being allegedly engaged in gambling?

Mr. SCHMIDT. By Mr. Sutherland?

Mr. ELICH. From all sources.

Mr. SCHMIDT. Certainly no more than 20.

(Discussion off the record.)

Mr. ELICH. Back on the record now for awhile.

Mr. Schmidt, has the company or management ever discussed the manner in which the management might proceed against these people who accept bets in the plant and what the union attitude might be in the event that individuals are found to be accepting bets?

Mr. SCHMIDT. Several times I have talked to the then president of the local 669, and there was no agreement of any kind about this but the indications were that the union would have no dealings with anyone who was found participating in gambling at the plant.

Mr. ELICH. The question arises that the management at this time apparently does not have anything in writing which would indicate that there was a meeting of the minds between any one or any part of any one or all the unions that might be representing employees in connection with the company.

Mr. SCHMIDT. There is nothing in writing.

Mr. ELICH. You are still under subpoena, and in the event we want you again we will call you. I don't think it is necessary to hold onto you due to the fact that you have made arrangements to go on vacation, and it is the vacation period. In discussing it with Mr. Halley, he has indicated that you should be allowed to go and enjoy yourself.

Mr. SCHMIDT. The reason that we pursued the course we did was simply that it was our feeling at all times that if we were to discharge an individual or individuals, it would not stop the source of gambling, and we have at all times felt that we were under considerable handicap with a drop located immediately across from the plant. It was for that reason that we asked for assistance from, first, the local police and then the county police and then the State police.

Mr. ELICH. Does the management have anything in writing at this time wherein they have submitted anything in written form to either

the chief of police of Lodi, the chief of police of Wood-Ridge, or any prosecuting agency, including the State of New Jersey?

Mr. SCHMIDT. No.

Mr. ELICH. Mr. Schmidt, do you feel that any one individual might be held responsible for all gambling within the plant?

Mr. SCHMIDT. No.

Mr. ELICH. Where do you feel that that responsibility belongs?

Mr. SCHMIDT. With supervision.

Mr. ELICH. When you speak of supervision you are talking about the vast areas throughout the plant which is, generally speaking, one solid floor wherein supervisors are located in various areas? Is that right? I want to establish what supervisor you are referring to, the supervisor down at the milling machine, the annealing shop, the assembly department, and so forth.

Mr. SCHMIDT. My answer is all levels of supervision.

Mr. ELICH. All supervisors pertaining to the different parts and departments, then?

Mr. SCHMIDT. That is right.

Mr. ELICH. That is all.

STATEMENT OF EMILE E. BUGNON, CHIEF OF POLICE, WOOD-RIDGE, N. J.

Mr. ELICH. State your name and address.

Mr. BUGNON. Emile E. Bugnon, 569 Anderson Avenue, Wood-Ridge, N. J., chief of police. I am in my twenty-fourth year as chief of police.

Mr. ELICH. As the chief of police, the Wright aeronautical plant comes under your jurisdiction?

Mr. BUGNON. That is right.

Mr. ELICH. Have you ever had any complaints from management that they have a considerable amount of gambling in the Wright aeronautical plant?

Mr. BUGNON. Yes, sir; I have.

Mr. ELICH. How many times?

Mr. BUGNON. I have been over there on four occasions.

Mr. ELICH. On those occasions whom did you talk to?

Mr. BUGNON. I was called one time by Mr. Sutherland, who is in charge of plant protection, who informed me that an individual by the name of either Astor or Astore was coming over from the other side of the street over onto company property. He told me he thought he came from Lodi. I told Mr. Sutherland that I would take care of that. What did he think he was doing? They thought he was something to do probably with some gambling or picking up some bets or something. So I went over to the Lodi police headquarters and contacted Chief Witte. I told Chief Witte there was an individual by the name of Astore or Astor from his town coming over on to the Wright property and I wanted him warned to stay the hell away from there. Witte assured me that he would get hold of this fellow and have him keep off the place, and I checked with Sutherland later and he didn't go near there.

Then on another occasion I was called back there. Mr. Sutherland had information that a chap by the name of McLaughlin and a fel-

low by the name of Mello were acting suspicious picking up envelopes and talking to fellows either in the washroom or in different parts of the plant. This fellow Mello had the run of the plant, being that he operated I think one of those little automobiles that they use for hauling, those automatic trucks. So I went over there and I said to Al, "Call these fellows in here, let's get them in here and talk to them." The union president came in, a fellow by the name of Bambarra. I had had experience with Bambarra during a strike we had there. I had warned him about certain rough stuff that was going on, stoning of cars and things of that sort. Rocco Bambarra was the president of the union at that time. We questioned these two fellows, and of course they denied it in pretty strong language. I called them a couple of G. D. liars. I told them if we had any more reports of anything like that the ax would fall on them. Bambarra promised me that nothing like that would go on any more.

On another occasion I received a call from Mr. Sutherland giving me the number of a car that had come over on the property and gone near one of the windows—that would be on the south side of the plant there—and I told him I would be right over there. On the way over, going down Passaic Street parked over on the Lodi side in front of one of the lunch cars was this automobile. The automobile being in Lodi, I couldn't go over and grab it over there. I could have I suppose, but I know, it is a courtesy to go to the chief of police in whose territory the thing is. So I went over there and asked Witte if he would send over a man to pick up this fellow, which they did. They brought in this young Italian fellow. I asked him what he was doing over there. Of course, he was just riding in there. I said, "Did somebody hand you a package out of the window?" He said, "I didn't get no package."

I said, "You are a damned liar because you were seen, and several people saw you. I want to tell you something, you are only a young chap. If you want to get into some trouble you just try that again."

I heard from Sutherland that that had stopped.

We went, I think it was in December 1948, we had a conference with the prosecutor, Mr. Schmidt, Chief Oneccchio and myself, and we made arrangements to see if we could get some information out of there. The prosecutor's office hired I believe Pinkerton, I am not sure. They had him in there for 3 or 4 days. The prosecutor's office has that report.

Mr. ELICH. How many people do you feel, chief, might be accepting books in the Wright plant?

Mr. BUCNON. Well, I couldn't answer that truthfully, John. I tell you why. I had some experiences in there during the war of course. I picked up some fellows in there. We had a type-off one day. I happened to be one of the members of the war price and rationing board for that territory. Of course it took a lot of time, but I didn't mind doing it. I had a report from Brown one day—Brown at that time was in charge of plant protection—that there was a lad in there selling sugar stamps, shoe stamps, gasoline rationing stamps, and tire certificates. So we went in the plant there and, of course, you have to be careful in there. You can't question a fellow and ask him what the other fellow is doing, because if the union gets it, it is just too bad for him. We went in there and made this fellow open up his tool box and sure enough, gasoline stamps were all in an envelope, perfectly

legitimate stamps. We asked him where he got them. Of course, his story was that he used to meet a fellow on the side of River Road, which is between South Hackensack and the river. We parked there for 6 nights with him waiting for this fellow to come along and sell him those stamps. Of course, that was a lot of baloney. We never saw him. If you go in a place, like if I walked in the door there, everybody in the plant knows I am in there. I truthfully couldn't tell you how many I think have been picked up. I don't doubt if this gang is cleaned up, there is a bunch in there ready to take over. That is my personal opinion. I may be wrong, but I think I am right.

Mr. ELICH. Do you feel Astore is the boy who has been accepting the bets across the street?

Mr. BUGNON. That is that Garfield taxi. That is where they have been going.

Mr. ELICH. In other words, the taxi company is a front for it?

Mr. BUGNON. No. There are taxies at the place.

Mr. ELICH. He does run taxies?

Mr. BUGNON. I think they are yellow and black; yes. That is a peculiar set-up there. I don't know if you noticed it.

Of course your main plant is here—

(Discussion off the record.)

Mr. ELICH. All right, Chief, that is all.

STATEMENT OF HENRY WITTE, CHIEF OF POLICE, LODI, N. J.

Mr. ELICH. Will you be so kind as to give the reporter your name?

Mr. WITTE. Henry Witte.

Mr. ELICH. Address?

Mr. WITTE. 80 Hunter Street, Lodi, N. J.

Mr. ELICH. Chief, we are conducting an investigation in regard to gambling in the Wright Aeronautical plant, and I have developed information which indicates that probably a Charlie Astore might be involved or engaged in accepting bets from this plant. Do you have any information in regard to activities?

Mr. WITTE. Not as taking bets. Do you want me to continue?

Mr. ELICH. Yes.

Mr. WITTE. At one time we went there, and we got information that there was some card gambling going on. I went with a captain of detectives whose name is Carbenetti. We walked in the joint like that. Later on we got more information that there was supposed to be betting. We went down there, but we couldn't find anything.

Mr. ELICH. When you say "we"—

Mr. WITTE. Captain Carbenetti and I. Later on Captain Carbenetti—this is I will say in the last 4 months—the prosecutor's office of Bergen County, detective DeLear—I don't know how to spell that one—and detective Jimmie Milligan and Captain Carbenetti went there in regard to horse racing. We didn't find anything.

They made another trip there later on about 2 weeks afterward, Captain Carbenetti and I think DeLear again, and still they couldn't find anything.

Mr. ELICH. Do you feel personally, as chief of police, that he is not making book at this point?

Mr. WITTE. I would say that I think that he himself—I don't know. If he is taking any bets it would be over alongside the plant, if he is,

which I don't know, because where his place is situated it is right across.

Mr. ELICH. That is right.

Mr. WITTE. Once Chief Bugnon came in and asked me to not go to Wright plant in the front, by the front of it. So I got hold of him and said, "If you go over there and are not working, they are going to knock you off for being on private property."

But there have been rumors that there have been bets going across back and forth. There may be.

Mr. ELICH. A rumor that packages are picked up through the fence? Have you heard about that?

Mr. WITTE. Yes, sir.

Mr. ELICH. And also that automobiles have driven up and accepted packages from various employes?

Mr. WITTE. No; I didn't get that.

Mr. ELICH. We have had that, that it has been passed through the fence.

Mr. WITTE. I have heard that, but I never saw it.

Mr. ELICH. But that would be outside of your jurisdiction because it is across the street?

Mr. WITTE. It is the boundary line.

Mr. ELICH. In other words, the street that goes around the plant where Charlie Astore's place is located, one half of that street is in Lodi and the other half is in Wood-Ridge?

Mr. WITTE. That is right. You see by Astore's place there are cars, a number of them. First of all, there is Astore's place, then there is a flower shop, then there is a novelty shop, then there is a taxi station. Next to him is the lunch wagon, a tavern. There is a parking lot there. Next to that is another parking lot and a lunch wagon. Next to that is another parking lot and a lunch wagon. Cars go in there. People come out of that main gate across there. Christ, you wouldn't know. They could take packages out and slip them or talk to somebody right on my side and give it to them, unless you happened to be there. It is like everything else, sure they bet. I think they bet, I mean. The question as you say, is, you must have the evidence.

Mr. ELICH. Have you ever received any written notice from the Wright Aeronautical plant that they had a situation where gambling existed in their plants?

Mr. WITTE. No.

Mr. ELICH. You never have?

Mr. WITTE. No.

Mr. ELICH. That is all, Chief.

STATEMENT OF WILLIAM B. MALONE, PATTERSON, N. J.

Mr. ELICH. State your full name and address.

Mr. MALONE. William B. Malone, 50 Cross Street, Patterson, N. J.

Mr. ELICH. You are an employee of the Wright Aeronautical Co.?

Mr. MALONE. That is right.

Mr. ELICH. You were served with a subpoena by me which indicates that the committee is looking into alleged gambling in the Wright Aeronautical plant. Would you explain what knowledge you might have of any gambling that is going on in that plant?

Mr. MALONE. I haven't got no knowledge of any going on.

Mr. ELICH. Have you accepted any bets yourself?

Mr. MALONE. No, sir.

Mr. ELICH. None whatsoever?

Mr. MALONE. None whatsoever.

Mr. ELICH. You have no knowledge of anybody else's accepting any?

Mr. MALONE. No.

Mr. ELICH. You haven't bet on any horses?

Mr. MALONE. No, sir. I bet on them at the track, where I get some good odds.

Mr. ELICH. What occupation do you have in the Wright Aeronautical plant?

Mr. MALONE. I am an inspector.

Mr. ELICH. That would be in the inspection department then. Is that small parts?

Mr. MALONE. Small parts, the manufacturing crib.

Mr. ELICH. Have you discussed this matter with anybody before you came here to testify today since you were served with the subpoena?

Mr. MALONE. I haven't.

Mr. ELICH. Not with any one?

Mr. MALONE. No.

Mr. ELICH. Did you talk with Willie Astore about it?

Mr. MALONE. Beg your pardon?

Mr. ELICH. Did you talk with Charlie Astore about it?

Mr. MALONE. No.

Mr. ELICH. Did you talk to John McLaughlin about it?

Mr. MALONE. No.

Mr. ELICH. To Joseph Mello?

Mr. MALONE. No.

Mr. ELICH. Did you talk to this attorney who was supposed to represent you today?

Mr. MALONE. I told him, I said I have a subpoena, but I just want to find out why I got it and why my name was mentioned.

Mr. ELICH. Did you hire him to represent you?

Mr. MALONE. The four of us were supposed to chip in figuring we would save money.

Mr. ELICH. Whose idea was it to chip in and hire him?

Mr. MALONE. All of us. We figured we couldn't afford one apiece.

Mr. ELICH. You all met at once and said——

Mr. MALONE. That is right, let's all chip in \$10 or \$15 apiece.

Mr. ELICH. You are not under oath today, but we may subpoena you at a later date at which time you will be under oath. Bookmaking is not a serious offense. However, a person committing perjury before the committee might turn out to be rather serious. Therefore, you want to think that over a little bit between now and the time that you are sworn because there is a little question in my mind as to whether or not you are telling the truth when you say that you have not been bookmaking.

Mr. MALONE. Me? Oh, no. You can bet all the tea in China on that.

Mr. ELICH. How long have you been an employee of the Wright Aeronautical plant?

Mr. MALONE. Ten years.

Mr. ELICH. You have not accepted any bets during that full 10-year period?

Mr. MALONE. Oh, yes. The first year I ever worked at Wright's, the first year I sold a couple of chances at football games; that is all.

Mr. ELICH. That is 10 years ago?

Mr. MALONE. Before I went into the service.

Mr. ELICH. When did you go in the service?

Mr. MALONE. 1941.

Mr. ELICH. When did you come out of the service?

Mr. MALONE. 1943.

Mr. ELICH. Since 1943 to this date you can say that you have not accepted a single bet in regard to horse races, baseball games, or lotteries or pools of any kind?

Mr. MALONE. That is right.

Mr. ELICH. That is all.

Mr. MALONE. Can I go to Florida now?

Mr. ELICH. Take this off the record a minute.

(Discussion off the record.)

Mr. ELICH. Let the record show that although a subpoena has been issued, this man has denied that he has accepted any bets of any kind. There definitely is a question in the mind of the speaker as to whether or not he is telling the truth. However, due to the fact that he has sent his wife and family to Florida and is on vacation, it is believed that he may be called before the committee at the end of his vacation, which will be 2 weeks from this last Monday.

Mr. MALONE. All right. Thank you.

(Whereupon, at 4:30 p. m., the committee adjourned subject to the call of the chairman.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

WEDNESDAY, OCTOBER 11, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

EXECUTIVE SESSION

The committee met, pursuant to call of the chairman, at 10:55 a. m., in room 2804, United States Courthouse, Foley Square, New York, N. Y., Senator Estes Kefauver, chairman of the committee, presiding.

Present: Senators Kefauver and Tobey.

Also present: Rudolph Halley, chief counsel; Boris Kostelanetz, assistant counsel; John F. Elich, Patrick Murray, Thomas E. Myers, and John Murphy, investigators; Nat K. Perlow, of Senator Kefauver's staff; Nathan Frankel, c. p. a., New York committee staff.

Irving H. Saypol, United States attorney, southern district of New York.

Judge Robert P. Patterson, chairman, Commission of American Bar Association to cooperate with Senate Crime Committee.

The CHAIRMAN. The committee will come to order.

Mr. Sullivan, do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SULLIVAN. I do.

TESTIMONY OF JOHN T. SULLIVAN, NEW YORK, N. Y., REPRESENTING WILLIAM MORETTI

The CHAIRMAN. All right, gentlemen. We will get started.

Mr. HALLEY. What is your full name, Mr. Sullivan?

Mr. SULLIVAN. John T. Sullivan.

Mr. HALLEY. Whom do you represent?

Mr. SULLIVAN. William Moretti.

Mr. HALLEY. Do you have with you a statement from a doctor?

Mr. SULLIVAN. I do.

Mr. HALLEY. What is the doctor's full name?

Mr. SULLIVAN. The doctor's name is Theodore Morici, 80 Howe Avenue, Passaic, N. J.

Mr. HALLEY. Is the statement in affidavit form?

Mr. SULLIVAN. The statement is not in affidavit form; however, I saw the doctor sign it.

Mr. HALLEY. Yes, but is there any reason why the doctor should not produce an affidavit?

Mr. SULLIVAN. None whatever.

No, sir. I didn't think it was going to be necessary that the doctor for the purpose of the hearing before the committee that it be put in affidavit form.

The CHAIRMAN. What is the doctor's name?

Mr. SULLIVAN. Theodore Morici.

The CHAIRMAN. Where is he practicing as a doctor?

Mr. SULLIVAN. Passaic, N. J., Senator.

Mr. HALLEY. Do you also represent Joseph Adonis?

Mr. SULLIVAN. No.

Mr. HALLEY. Or Joe Doto?

Mr. SULLIVAN. No.

Mr. HALLEY. Would you present the letter which you have to the committee?

The CHAIRMAN. Letter of October 10, 1950:

This is to certify that Mr. William Moretti is under my care at St. Mary's Hospital, Passaic, N. J.

He was admitted to the hospital about 1:10 a. m. October 9, 1950, with severe hemorrhage of the nose. I was called to the hospital about 1 a. m. and found him full of blood in his face, mouth, and clothes. His nose was packed and admitted.

His blood pressure at that time was nearly 200/100.

It appears to me that the—

P-i-s-t-a—

Mr. SULLIVAN. May I see it, Senator?

Mr. HALLEY. Suppose you read it.

Mr. SULLIVAN. Yes, I will read it.

The CHAIRMAN. Begin with the third paragraph.

Mr. SULLIVAN. Very well.

It appears to me that the epistaxis—
apparently a medical term—

was a sign for him to be hospitalized, for if the hemorrhage had not occurred from his nose, he would have developed a cerebral bleeding which would have been fatal or cause a hemoplegia.

In my opinion, I believe that he must rest in bed for at least 1 week to relieve the congestion and hypertension. He must not have any commitment whatsoever for his well-being for fear of another occurrence.

Yours truly,

THEODORE MORICI, M. D.

Mr. HALLEY. Mr. Sullivan, under ordinary circumstances, as counsel, I would be prepared to recommend to the committee that they accept such a statement on its face. However, the committee has just received a telegram from Dr. Morici, the same doctor, in which he states that Mrs. Joseph Doto, another of our witnesses, is also his patient and also unable to testify. In view of the fact that this same doctor turns up representing both Willie Moretti and Mrs. Adonis, who is Mrs. Doto, I cannot recommend to the committee that they accept unsworn statements, and under the circumstances it is my recommendation that unless Dr. Morici is willing to come in here and explain just what the situation is to the committee, both witnesses must be required to appear.

Mr. SULLIVAN. Well—

Mr. HALLEY. You may argue that to the committee.

Mr. SULLIVAN. Yes, may I argue that.

The CHAIRMAN. Here is a telegram I have just received from Cliff-side Park, N. J., to the chairman.

Received your telegram but unable to appear under doctor's orders. My physician will wire you details.

Mrs. JOSEPH DOTO.

Mr. SULLIVAN. I of course have no knowledge whatever of such dual treatment. It could very well be that he was a doctor for both people. There is no doubt that Moretti is in the hospital bleeding profusely from the nose. The order of the hospital can show that. Moretti retained me for the purpose of representing him before this committee, and he was very, very anxious to come here. He is not seeking in any way—Moretti was glad to take a subpoena and wanted to come here. Ordinarily in court a certificate such as this would be accepted without an affidavit if this man is a practicing physician, and the mere fact that he may represent both this other woman and this man doesn't seem to me to invalidate this certificate.

Mr. HALLEY. In an attempt to be fair but yet hewing to the line, the circumstances are such that I think the committee is entitled to get a detailed explanation from the doctor.

The CHAIRMAN. Suppose we have the doctor appear as a witness.

Senator TOBEY. Or an alternative, Mr. Chairman, what about having a doctor in our behalf go to see whether it is a fake or whether it is genuine or not and make a report to us. Also what is the reputation, Mr. Witness, of this man Morici. Is he a doctor that deals in statements of this sort to benefit certain people under indictment, or is he a reputable physician?

The CHAIRMAN. The chairman doesn't know Dr. Morici and I don't know if anyone here does.

Mr. HALLEY. May I have the benefit of a short conference with the committee?

(Discussion off the record.)

The CHAIRMAN. Mr. Sullivan, how long does it take to get here from Passaic?

Mr. SULLIVAN. I think he could get here by automobile in an hour, Senator.

The CHAIRMAN. Suppose we subpoena Dr. Morici to come in at 2 o'clock this afternoon.

Mr. Halley.

Mr. SULLIVAN. I will call. I am sure he is a reputable physician with connections in many hospitals in New Jersey. I know nothing about him personally, so I can't testify, but I shall call and seek to get him. I am pretty sure you will get him here.

Mr. HALLEY. There is no implication that he is not, Mr. Sullivan. The only point is that the circumstances are such that the committee must get that explanation from the doctor himself. No inferences ought to be drawn that he is not or that he is. We just don't know.

Mr. SULLIVAN. I will call and will report to you as to what my success is.

The CHAIRMAN. Will you advise him that the committee would like for him to appear at 2 o'clock, and if that isn't satisfactory, then some time between 2 and 4 this afternoon.

Mr. HALLEY. Will you report back to the committee?

Mr. SULLIVAN. Yes, I will.

The CHAIRMAN. While we are on the subject, here is a letter from Mrs. Doto saying that she is—

Not well enough to come to court today, but when I am able I will let you know. Please write me whether this is satisfactory to you.

I think we should notify Mrs. Doto that her letter is not satisfactory and the committee wants to see her, unless her doctor furnishes better evidence of her illness. Will you see that she is notified?

(Discussion off the record.)

The CHAIRMAN. Mr. Silver, will you stand and be sworn? Do you solemnly swear the testimony you will give the committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SILVER. I do.

TESTIMONY OF HENRY SILVER, NEW YORK N. Y.

Mr. HALLEY. What is your full name?

Mr. SILVER. Charles Henry Silver.

Mr. HALLEY. And your address, please?

Mr. SILVER. 101 Cooper Street, New York City.

Mr. HALLEY. Did you ever hear of the G. & R. Trading Co.?

Mr. SILVER. Yes; I did. I have some withholding slips I think.

Mr. HALLEY. You once worked for the G. & R. Trading Co.; is that right?

Mr. SILVER. Yes.

Mr. HALLEY. Was that in 1945?

Mr. SILVER. Yes, sir; 1945.

Mr. HALLEY. You have brought with you some income tax withholding slips?

Mr. SILVER. Yes. I brought what I was asked.

Mr. HALLEY. They were furnished to you?

Mr. SILVER. Yes, sir.

Mr. HALLEY. Will you turn them over to the committee at this time?

Mr. SILVER. Yes, sir. These are the ones that I showed the other gentlemen when they talked to me.

Mr. HALLEY. How did you first get your job with the G. & R. Trading Co.?

Mr. SILVER. Well, I know some men who are dealers, and in talking they told me about this place that was going to open. I spoke to them about going to work in a general way, and then a man by the name of Goldfine was the man who hired me.

Mr. HALLEY. This was in 1945; is that right?

Mr. SILVER. I guess so. That is my recollection according to those slips; that is right.

Mr. HALLEY. In what capacity did you work?

Mr. SILVER. As clerk at a gaming table?

Mr. HALLEY. At a gaming table?

Mr. SILVER. Yes.

Mr. HALLEY. What kind of gaming table was it?

Mr. SILVER. A crap game.

Mr. HALLEY. A crap game?

Mr. SILVER. Yes, sir.

Mr. HALLEY. What were your duties as a clerk?

Mr. SILVER. A stick man, box man.

Mr. HALLEY. A stick man is a man who rakes in the money.

Mr. SILVER. That is right.

Mr. HALLEY. And what is a box man?

Mr. SILVER. A box man is a man who sits at the table and sometimes when he works around the table, he sits, instead of working dealing, he sits in the middle and kind of looks out, you know, helping the other man at the table.

Mr. HALLEY. How many men were working at a table representing the house?

Mr. SILVER. I should say roughly around six usually, with the relief men. You know you get off time. You don't work right through for hours at a time.

Mr. HALLEY. Perhaps we had better go through the list of different corporations for which you worked, and then we can go back and pick up the details.

In 1945 it was the G. & R. Trading Co. Who was your boss there, do you remember?

Mr. SILVER. Well, Goldfine was the man who was in charge of the help.

Mr. HALLEY. Goldfine.

Mr. SILVER. Yes.

Mr. HALLEY. What was his first name?

Mr. SILVER. Alex Goldfine.

Mr. HALLEY. What was his particular job there?

Mr. SILVER. Supervisory, I guess, in charge of the tables.

Mr. HALLEY. Was he an accountant?

Mr. SILVER. Not to my knowledge.

Mr. HALLEY. Who took care of the money?

Mr. SILVER. There was an office that the money was in, I imagine, because—to the best of my knowledge there was an office that the money was in, but I didn't have anything to do with that, really.

Mr. HALLEY. Was Tony Guarini connected with the place?

Mr. SILVER. That is the man I believe that I would know as Tony Greeno. I think it was Tony Greeno. I wouldn't know how you spelled it.

Mr. HALLEY. But it is pronounced Greeno?

Mr. SILVER. I think that is the same man. That would be the man around there.

Mr. HALLEY. Was he the boss, the top man?

Mr. SILVER. He seemed to be the executive around there.

Mr. HALLEY. He seemed to be the executive.

Mr. SILVER. Yes.

Mr. HALLEY. At this point, Mr. Chairman, I offer in evidence withholding receipt for the year 1945 to Charles Henry Silver, 101 Cooper Street, showing wages of \$2,900. The employer is listed as Anthony Guarini, G. & R. Trading Co., 109 Roosevelt Avenue, Hasbrouck Heights, N. J.

The CHAIRMAN. That will be received and made a part of the record as exhibit No. 1 to Mr. Silver's testimony.

(Exhibit No. 1 is on file with the committee.)

Mr. HALLEY. Who was Emmanuel Schafer?

Mr. SILVER. He was the fellow who was more or less in charge of help in a way, too. I should say he was on the floor. He gave orders to the help.

Mr. HALLEY. Was Jimmy Lynch there?

Mr. SILVER. I believe I have seen him there.

Mr. HALLEY. You saw him there?

Mr. SILVER. Yes.

Mr. HALLEY. Did he give orders from time to time?

Mr. SILVER. Not to me; no. He was more like an office man.

Mr. HALLEY. More like an office man.

Mr. SILVER. I would think so; yes.

Mr. HALLEY. But he appeared to be connected with the management?

Mr. SILVER. I guess so.

Mr. HALLEY. Was Joe Doto there in 1945?

Mr. SILVER. I couldn't swear to that. I may have seen him around there.

Mr. HALLEY. Where did the crap game take place?

Mr. SILVER. This place I think was somewhere close to Paterson, to the best of my recollection. I am a little confused on some of these locations. I tried to explain to the gentleman that I spoke to before.

Mr. HALLEY. We will work through it slowly year by year and try to work it out. Perhaps it will refresh your recollection about the locations if we go through these various places. Did you work at any place in 1946?

Mr. SILVER. No. I didn't work in Jersey at all in 1946.

Mr. HALLEY. Did you work in any gambling place anywhere in 1946?

Mr. SILVER. Not to the best of my recollection.

Mr. HALLEY. The withholding statement for 1947 shows wages to this witness \$3,350, and the employers are listed as the following: James Lynch, Gerald Catena, Joseph Doto, and Salvatore Moretti, doing business as L. & C. Amusement Co., care of Charles Handler. Is it your recollection that that is where you worked in 1947?

Mr. SILVER. Yes.

Mr. HALLEY. Did all these people I just mentioned appear on the premises and take an interest in it?

Mr. SILVER. No; that I would not say because that I don't know.

Mr. HALLEY. Did you see Lynch there?

Mr. SILVER. I believe I did.

Mr. HALLEY. Catena?

Mr. SILVER. That I don't know. I don't recollect that at all. I may have.

Mr. HALLEY. Doto?

Mr. SILVER. I may have seen him, yes, sir.

Mr. HALLEY. Moretti?

Mr. SILVER. I don't know.

Mr. HALLEY. Who gave you this withholding statement? Where did you get it?

Mr. SILVER. I believe it was mailed to me, to the best of my recollection.

Mr. HALLEY. In an envelope from the L. & C. Amusement Co.?

Mr. SILVER. I would assume so, but I don't know that for sure, either. I don't remember that.

Mr. HALLEY. How did you get connected with the L. & C. Amusement Co. after this lapse of a year?

The CHAIRMAN. Let's let this second withholding slip for 1947 be made exhibit No. 2 to Mr. Silver's testimony.

(Exhibit No. 2 is on file with the committee.)

Mr. SILVER. In more or less the same way that I was employed originally, just by word of mouth, hearing about the place opening. May have gotten a phone call. Of that I am not sure. There may have been something in person.

Mr. HALLEY. Is it possible that Emmanuel Schafer called you?

Mr. SILVER. It may have been; yes. I said that before. It may have been.

Mr. HALLEY. Who was working there, about the same people who were working in 1945?

Mr. SILVER. Approximately. There is a certain turnover in help in places of this type. Fellows go to the other cities to work or are not working or maybe the people they worked for previously don't want to hire them. Roughly, there were a lot of the same people.

Mr. HALLEY. Who was a credit man there, Kitty Klein?

Mr. SILVER. Yes.

Mr. HALLEY. Was he also at most of the places we are talking about? Was he at the G. & R. in 1945?

Mr. SILVER. I believe he was. I wouldn't say he was in all of them because I am not sure.

Mr. HALLEY. But he was at a substantial number?

Mr. SILVER. It is my recollection that he was there.

Mr. HALLEY. In 1948 you worked, did you not, for the L. & C. Amusement Co.?

Mr. SILVER. Whatever that says; I did work there in 1948.

Mr. HALLEY. I offer in evidence withholding statement for 1948 to Mr. Silver from the L. & C. Amusement Co., care of Charles Handler, and the individuals mentioned on it are J. Lynch, G. Catena, J. Doto, and S. Moretti.

The CHAIRMAN. That will be received and made a part of the record as exhibit No. 3 to Mr. Silver's testimony.

(Exhibit No. 3 is on file with the committee.)

Mr. HALLEY. Also, in 1948, did you work for the Pal Trading Co.? Do you remember that?

Mr. SILVER. I only remember it from that. You see, when we go to work they don't say to us you are going to be working for the Pal Trading Co., but you just go to work, and then you know who the boss is, you see.

Mr. HALLEY. Of course, in all of these places you did the same general type of work.

Mr. SILVER. More or less the same work.

Mr. HALLEY. You acted as a clerk at a crap game.

Mr. SILVER. That is right.

Mr. HALLEY. Withholding receipt offered in evidence, 1948, to Charles H. Silver, \$1,500, from Pal Trading Co., care of Charles Handler, the principals are J. Lynch, J. Doto, A. Guarini, et al. I am reading from the slip.

The CHAIRMAN. It will be received as exhibit No. 4.

(Exhibit No. 4 is on file with the committee.)

Mr. HALLEY. In 1948 there is a withholding statement which I will offer in evidence for the same witness from the General Trading Co., 109 Roosevelt Avenue, Hasbrouck Heights, N. J.

The CHAIRMAN. That will be made a part of the record as exhibit No. 5.

(Exhibit No. 5 is on file with the committee.)

Mr. HALLEY. How did you originally go to work in 1945? Had you been working for any gambling places prior to that time?

Mr. SILVER. Yes; I did.

Mr. HALLEY. Where had you originally started working in a gambling place?

Mr. SILVER. I worked at another place in Jersey in 1944.

Mr. HALLEY. Even prior to that, did you work in Habana?

Mr. SILVER. Yes; I did.

Mr. HALLEY. And prior to that were you in New York City as a bettor and bookie?

Mr. SILVER. Not as a bookie; no.

Mr. HALLEY. What did you do, lay off bets?

Mr. SILVER. I used to bet, go to the race track. I usually knew people around who would bet and I would take care of their bets for them, go to the windows for them, and so on.

Mr. HALLEY. Would you handle lay-off money?

Mr. SILVER. No; you wouldn't call it lay-off money. That is what was in that other thing that I was talked to, but those men interpreted it that way and put it down, but it wasn't quite that way. If I was something, a lot of these people who bet on horses and things, they don't want to be bothered running to the windows, and so on, or to the bookmakers. In those days I believe they were bookmakers. So you would scout around and try to get the best price on a horse, and so on, and in that way you would make a living. It wasn't much of a living, but it was enough for my needs.

Mr. HALLEY. You did that from the time you came to New York in 1938 from California?

Mr. SILVER. For a couple of years; yes.

Mr. HALLEY. Until about 1939, when you went to Cuba?

Mr. SILVER. Yes; 1938 or 1939. It may have been 1938; I am not sure of that year.

Mr. HALLEY. How did you get into that business?

Mr. SILVER. Well, I guess you just kind of drift into it, I don't know. It seems to me a good way to make a living.

Mr. HALLEY. Did anybody introduce you around?

Mr. SILVER. You get to know people in a general kind of way.

Mr. HALLEY. Did you get to know, for instance, Frank Erickson?

Mr. SILVER. No. I would know him if I saw him, I think.

Mr. HALLEY. Any of his people, such as Cantor and Strader?

Mr. SILVER. I think by sight I might know them.

Mr. HALLEY. Griggs?

Mr. SILVER. I never had anything to do with them, no business or anything like that.

Mr. HALLEY. In any event, you did that until 1939, and then you went down to Cuba.

Mr. SILVER. That is right.

Mr. HALLEY. How did you get your job at the Jockey Club in Habana?

Mr. SILVER. I heard about the place being opened, and that there were Americans running it, so I just went over and tried to get work.

Mr. HALLEY. What kind of work did you do there?

Mr. SILVER. I did clerical work in the bookmaking department and in the gambling room too, at times.

Mr. HALLEY. John Barker and Joe Goldie were your bosses there?

Mr. SILVER. They were executives; yes.

Mr. HALLEY. And later you worked with them up in New Jersey, is that right?

Mr. SILVER. I don't think I ever worked any place with Goldie in New Jersey.

Mr. HALLEY. But with Barker you did?

Mr. SILVER. Yes; Barker was at some of these places we have been referring to.

Mr. HALLEY. Then you came back to New York and went into betting again?

Mr. SILVER. Yes; the same thing more or less.

Mr. HALLEY. Betting at the race tracks and taking bets and placing them for people.

Mr. SILVER. That is right.

Mr. HALLEY. You did that until about 1945?

Mr. SILVER. I worked in another place over in Jersey before.

Mr. HALLEY. You worked at Ben Marden's Riviera, is that right?

Mr. SILVER. Yes.

Mr. HALLEY. In what year did you work at the Riviera?

Mr. SILVER. In 1942.

Mr. HALLEY. Who gave you that job?

Mr. SILVER. I went over there and spoke to Mr. Marden and asked for a job. I was told that if my services were desired, they would communicate with me. A short time later I received a phone call to come over there to go to work.

Mr. HALLEY. Who was in charge of the help there?

Mr. SILVER. A man by the name of Leon Levy.

Mr. HALLEY. Then who hired you for G. & R. in 1945?

Mr. SILVER. I believe it was Alex Goldfine.

Mr. HALLEY. After working through this, is your memory any clearer on where you worked, where this building was that you worked at in 1945?

Mr. SILVER. I believe the building that I worked at in 1945 was in a community called West Paterson. I am not positive of that. I believe I have heard that name mentioned.

Mr. HALLEY. What community?

Mr. SILVER. West Paterson.

Mr. HALLEY. West Paterson.

Mr. SILVER. I think so.

Mr. HALLEY. What was it? A private residence?

Mr. SILVER. I guess you could so describe it as that. I don't believe I ever saw it in the daytime, so it was kind of difficult to determine.

Mr. HALLEY. How would you get there?

Mr. SILVER. I would get there in a car driven by one of the dealers, mostly it was one of the dealers.

Mr. HALLEY. Did the club ever provide a car to pick you up at the George Washington Bridge?

Mr. SILVER. I may have ridden out in a club car. I believe I did on occasions.

Mr. HALLEY. Did bettors from time to time ride out, customers, in club cars?

Mr. SILVER. That would only be kind of hearsay on my part because I don't know that for sure. That wasn't in my province. You know what I mean. Nobody discussed that with me.

Mr. HALLEY. But the club did have cars to pick people up in New York and take them over, is that right?

Mr. SILVER. I think so.

Mr. HALLEY. How many crap tables did they have at this place?

Mr. SILVER. Three, I believe.

Mr. HALLEY. What other gambling was there?

Mr. SILVER. There were some roulette wheels?

Mr. HALLEY. How many men would work at each crap table?

Mr. SILVER. I should say around six usually would consist of the group working.

Senator TOBEY. Six players?

Mr. HALLEY. No; six men representing the house.

Senator TOBEY. How many players would be around these tables?

Mr. SILVER. I guess they would accommodate anything from 12 to 14.

Senator TOBEY. Did the players use their own dice?

Mr. SILVER. No; the house supplied the dice.

Senator TOBEY. Were they loaded?

Mr. SILVER. No, sir; to to my knowledge, they were not.

Mr. HALLEY. Then when you went to work in 1947 was it the same place or a different location?

Mr. SILVER. No; that was a different location.

Mr. HALLEY. Where was that location?

Mr. SILVER. I think that was the place that has been referred to as being Lodi.

Mr. HALLEY. Lodi.

Mr. SILVER. I think so.

Mr. HALLEY. Will you describe that as best you can, the location and its whereabouts?

Mr. SILVER. I would guess it is somewhere around 10 miles away from the bridge on the left side of the road going out.

Mr. HALLEY. How large a place was it?

Mr. SILVER. I am not a good judge of that.

Mr. HALLEY. Was it a big building?

Mr. SILVER. It appeared more like it might be a garage or something, from what I could see of it.

Mr. HALLEY. No restaurant attached to it?

Mr. SILVER. There was a dining room in there; oh, yes.

Mr. HALLEY. Was there entertainment?

Mr. SILVER. No.

Mr. HALLEY. Just food served?

Mr. SILVER. Yes.

Mr. HALLEY. How many crap tables were there at the Lodi place?

Mr. SILVER. I believe there were two there at that time.

Mr. HALLEY. Was there roulette?

Mr. SILVER. Yes.

Mr. HALLEY. How many roulette wheels?

Mr. SILVER. I think there might have been four there, three or four, four I would say. I am pretty sure.

Mr. HALLEY. Was there chemin de fer?

Mr. SILVER. Yes; there was.

Mr. HALLEY. At this place how long did it operate? Was that all through 1947?

Mr. SILVER. I figured that out from those slips with those other gentlemen that I spoke to. That is about the only way I can judge it. I don't remember the period now that we figured. They kind of helped me work it out in my mind at the time.

Mr. HALLEY. You show income in 1947 on this withholding statement of \$3,350 from the L. & C. Amusement Co. Would that be a flat salary for you?

Mr. SILVER. Yes; that was a flat salary.

Mr. HALLEY. Did you get a commission?

Mr. SILVER. No.

Mr. HALLEY. How were you paid? What was your salary?

Mr. SILVER. I got \$100 a week.

Mr. HALLEY. Then it would appear that you worked most of the year.

Mr. SILVER. Yes; that is what I say. That slip would just about show it. That is the reason I referred to it.

Mr. HALLEY. All at this one place, a rather steady operation, is that right?

Mr. SILVER. I think there was a break there where I didn't work for about a month when it didn't operate, it was during the summer sometime, or in August.

Mr. HALLEY. That would be the slack season. Did you go to Saratoga at that time, that summer?

Mr. SILVER. No.

Mr. HALLEY. Have you ever gone to Saratoga?

Mr. SILVER. Yes, sir.

Mr. HALLEY. Where did you work at Saratoga?

Mr. SILVER. I never worked at Saratoga.

Mr. HALLEY. A lot of the people you were with worked up there, didn't they?

Mr. SILVER. Yes; that is true.

Mr. HALLEY. They worked at the Arrowhead Inn?

Mr. SILVER. I believe they did during that period of time that I referred to, but I didn't go up there. I didn't work.

Mr. HALLEY. Were you ever offered a job at Saratoga?

Mr. SILVER. No; not that I recall.

Mr. HALLEY. Did you ever ask for one?

Mr. SILVER. No; I didn't.

Mr. HALLEY. What sort of places do they have at Saratoga?

Mr. SILVER. Well, that would only be hearsay, but I imagine they are more like night clubs up there from what I have heard about them.

Mr. HALLEY. Weren't you ever in any of the gambling places at Saratoga?

Mr. SILVER. Not in recent years.

Mr. HALLEY. Was this place at Lodi ever raided?

Mr. SILVER. Not while I was there; no.

Mr. HALLEY. It wasn't particularly a secret operation, was it? People would come and go? It was open?

Mr. SILVER. I would say so.

Mr. HALLEY. It must have had a large parking lot on the outside.

Mr. SILVER. There was a space for parking cars.

Mr. HALLEY. Was there any sign on the outside calling it a restaurant or anything?

Mr. SILVER. No.

Mr. HALLEY. Just a building and people would walk in and out.

Mr. SILVER. Yes.

Mr. HALLEY. Then in 1948 just from your records you worked in two places, first for the L. & C. Amusement Co., which is the same company you worked for in 1947, and your records show that they paid you \$1,300. Do you remember where you worked in 1948? Is that the same operation in Lodi?

Mr. SILVER. No, sir. That wasn't.

Mr. HALLEY. I am talking now about the L. & C. Amusement Co., the first one you worked for.

Mr. SILVER. Part of that may have been in Lodi. Of that I am not sure. I am a little confused on that. I believe that overlapped into 1948. I believe it did.

Mr. HALLEY. Then you went to another place in 1948, is that right, to the Pal Trading Co.?

Mr. SILVER. I think so. There must be a reason why those slips are separated. I don't remember exactly what took place.

Mr. HALLEY. What is the other location at which you worked in 1948?

Mr. SILVER. I think part of the time it was in that place in Lodi. Then I think part of the time was a place closer in near the bridge. I wouldn't know what you call it. I believe that is 14, but I don't know for sure. It is right across the bridge.

Mr. HALLEY. You worked in 1949 also for the Pal Trading Co.—no; you worked for General Trading Corp. in 1949. Do you remember that there was a difference between the place you worked for for Pal and for General?

Mr. SILVER. Yes. I think there was another place somewhere around the Palisades. I don't know what the name of that town is. Those towns over there kind of run together like, and it is hard to tell.

Mr. HALLEY. What kind of place is the place in Palisades? Did it have more than one crap table?

Mr. SILVER. Yes. It had three crap tables.

Mr. HALLEY. Did it have roulette?

Mr. SILVER. No; it didn't.

Mr. HALLEY. Chemin de fer?

Mr. SILVER. No.

Mr. HALLEY. Just three crap tables.

Mr. SILVER. Yes.

Mr. HALLEY. While we are working on this phase of it, could you tell the difference between a carpet place and a sawdust place?

Mr. SILVER. I would say the difference would be that in one there were women and in the other there wasn't. That would be about the big difference.

Mr. HALLEY. You mean a sawdust place would be a game?

Mr. SILVER. A sort of place that women wouldn't be interested at being at.

Mr. HALLEY. Would they serve food at all? Would it be there a little buffet?

Mr. SILVER. There might be a lunch counter where you could buy a sandwich or something like that, but that would be all.

Mr. HALLEY. There would be no elaborate arrangement.

Mr. SILVER. No; nothing like a restaurant.

Mr. HALLEY. However, the games were just as big and just as important, I suppose.

Mr. SILVER. More or less similar; yes.

Mr. HALLEY. How much money would you say would be played at a table in the course of an evening?

Mr. SILVER. I hate even to hazard a guess on that because it might fluctuate a great deal. Naturally I never participated in anything like counting or anything like that.

Mr. HALLEY. How long would the game go on in an evening?

Mr. SILVER. I guess around 9 or 9:30.

Mr. HALLEY. When would the crowd really begin to arrive?

Mr. SILVER. It would fill up by midnight, I should say, if it were going to fill up. There were some nights that were slower than others. It varied. It wasn't uniform.

Mr. HALLEY. How long did it stay pretty well filled up?

Mr. SILVER. A couple or 3 hours, maybe.

Mr. HALLEY. Until say 3:00 in the morning?

Mr. SILVER. Maybe.

Mr. HALLEY. When would you close?

Mr. SILVER. I guess whenever there were no more people around, when it wasn't worth while.

Mr. HALLEY. Would that be around 4 or 5 a. m.?

Mr. SILVER. It could be anywhere around that time.

Mr. HALLEY. Could it be even later?

Mr. SILVER. Hardly ever.

Mr. HALLEY. Was there a limit on these games?

Mr. SILVER. A what?

Mr. HALLEY. A betting limit.

Mr. SILVER. Yes. That varied sometimes according to the places. In some places the limit might be \$100 and in others it might be as much as maybe \$300.

Mr. HALLEY. For any bet?

Mr. SILVER. Yes.

Mr. HALLEY. So a man could stay there all night and make a few hundred bets, is that right?

Mr. SILVER. That would be up to the player.

Mr. HALLEY. Yes; but on any one bet it would be limited to \$100 or \$300.

Mr. SILVER. That is right. It would depend upon the circumstances, possibly, and the margins on which the people were operating.

Mr. HALLEY. Where was the highest limit, at what place?

Mr. SILVER. I believe at the Lodi place was about the highest limit at any table that I worked at. That was \$300. To the best of my recollection, that is the highest.

Mr. HALLEY. What is the smallest bet that a man could make at, say, Lodi?

Mr. SILVER. I think about \$5.

Mr. HALLEY. About \$5. In other words, you couldn't even walk up to the crap table and put a dollar bill down on a roll. You would be frowned on.

Mr. SILVER. Well, no; it wouldn't be that, but there weren't many people who cared to, apparently.

Mr. HALLEY. Then there must have been on almost every roll of dice a few thousand dollars on the table.

Mr. SILVER. Oh, no; I wouldn't say that. No. It is difficult to try to explain it to you, naturally. I am not good at that sort of thing and you don't understand anything about it. So it is a little difficult to explain it to you.

Mr. HALLEY. That is right. Do it your own way. What we are trying to do is to visualize the operation.

Mr. SILVER. You might have a player who would stand there and make a bet every 10 minutes, and then you might have a player who would stand there and make a bet every 2 minutes, depending on the individual. There is no compulsion on the part of a house to force a man to bet if he didn't care to. He might be betting on a hunch. He might not like the haircut of the man shooting the dice, or he might be superstitious about the man wearing eyeglasses, I mean in a general kind of way.

Mr. HALLEY. I have watched the operations quite carefully at Las Vegas, where it is legal, and most betters play pretty regularly. They don't stand there and bet every 10 minutes, do they?

Mr. SILVER. I of course have never worked out there but so I don't know, but from what I have heard the action out there is always a lot faster than it ever is in the East. Apparently the people in the West gamble higher and faster than they do in the East.

Mr. HALLEY. The stakes are nothing like the stakes you have described. They are much lower.

Mr. SILVER. I have never worked out there up until now, so I don't know.

Mr. HALLEY. In any event, would you say that in the course of an evening a great many thousands of dollars passed over the table?

Mr. SILVER. I wouldn't say a great many. I might say a couple or a few, depending upon the business and also it might pass either way, because there are many, many winners, too. It goes both ways.

Mr. HALLEY. Regardless of which way it passes, the total number of bets couldn't possibly be in an evening under \$10,000 for any one table?

Mr. SILVER. I would say definitely yes. I would say that is much too high a figure, offhand, I should think.

Mr. HALLEY. You think that would be too high?

Mr. SILVER. I would think that would be much too high.

Mr. HALLEY. What would you fix it at for any one table in an evening?

Mr. SILVER. You have me at a disadvantage again because there is no way of determining that. The same money goes in and out possibly during a great deal of the time. Whether it actually changes hands is a question. You might come in and might start off and lose a couple of hundred dollars and then win it back. If you would include all that money that circulates, it would be difficult to determine.

Mr. HALLEY. That is what I mean. Here is what I am trying to get at. If you walked in there and just walked over to one of these tables and looked at it, say at around 1 a. m. on a good night, you would be apt to see sitting right on the table a couple of thousand dollars at any one table, wouldn't you, in chips?

Mr. SILVER. Yes; I would say that.

Mr. HALLEY. Of course, the dice are rolled perhaps every 30 seconds.

Mr. SILVER. Pardon me. May I interrupt. When I say "yes," I don't mean that all of that is in action and being bet. I wouldn't say a couple of thousand was being bet at any one time. What I meant was players would have it in front of them as well as its being on the table in action.

Mr. HALLEY. What would you be likely to see on the table?

Mr. SILVER. In action, you mean?

Mr. HALLEY. Yes.

Mr. SILVER. Oh——

Mr. HALLEY. Of course it would depend on who was there.

Mr. SILVER. That is true. You see it is such a problematical question. Some nights you might have people who gambled big and some times you might have people who don't gamble.

Mr. HALLEY. Suppose you had people who gambled big, on a big night how much would you be apt to see on the table in action?

Mr. SILVER. Maybe around a thousand or so. I don't know, that is just a guess. I don't want you people to think I have any accurate way of determining that. I don't have.

Mr. HALLEY. I know that. We are just trying to get a picture of the kind of money that moved back and forth. On a small night it might be as little as a hundred or less?

Mr. SILVER. Very easily.

Mr. HALLEY. In any one roll of the dice.

Mr. SILVER. Yes.

Mr. HALLEY. Of course the dice kept rolling constantly.

Mr. SILVER. That doesn't mean that the bets changed necessarily. The dice might roll for 10 minutes, as much as 10 minutes, I have seen it happen, without any money changing hands, without any decision.

Senator TOBEY. Do they throw ones or the best two out of three?

Mr. SILVER. If you want me to go into a dice course on it I will try to explain it to you to the best of my ability.

Senator TOBEY. Very briefly. Is it one throw.

Mr. SILVER. You may bet that the shooter is going to win. If you are shooting at dice, other people can bet on you as well as yourself. If you throw 2, 3, or 12, you lose. If you throw a 7 or 11 you win.

Senator TOBEY. Is there just one dice to throw?

Mr. SILVER. No, two, sir. If you throw any other number, then you continue to throw the dice until such time that you either throw the number that you threw originally, which means you win, or you throw a 7 which means you lose.

Senator TOBEY. It is the aggregate, 6 and 1 would be a 7 or 4 and 3.

Mr. SILVER. Yes, the total.

Senator TOBEY. It is the top number on the dice, isn't it?

Mr. SILVER. Yes.

Mr. HALLEY. The bettor standing around the table could bet with or against the man who is rolling the dice, is that right?

Mr. SILVER. That is right.

Mr. HALLEY. And they could make all sorts of side bets on the next roll or the next two rolls or on almost any possible combination.

Mr. SILVER. Yes; there are various ways of betting.

Senator TOBEY. Are the bets written down?

Mr. SILVER. No, sir.

Senator TOBEY. Just the man's mentality.

Mr. SILVER. The tables are marked in such a way that it indicates what you are operating on. Your money is placed at that particular point and that means you are betting on that.

Mr. HALLEY. We have covered all but one last place, and that is the place in New Jersey, the last place you worked, just across the George Washington Bridge. Do you remember that one?

Mr. SILVER. Yes, sir.

Mr. HALLEY. Would you describe that?

Mr. SILVER. That is the place that I believe was referred to as a carriage factory?

Mr. HALLEY. How many tables were there?

Mr. SILVER. Three.

Mr. HALLEY. Any roulette?

Mr. SILVER. No, sir.

Mr. HALLEY. Any chemin de fer?

Mr. SILVER. No, sir.

Mr. HALLEY. When you get across the George Washington Bridge, in which direction would you go to the carriage factory?

Mr. SILVER. Not very far, and then it was to the left, a very short distance.

Mr. HALLEY. It was a sort of old-fashioned two-story building?

Mr. SILVER. Yes.

Mr. HALLEY. It had a sign on it saying carriage factory?

Mr. SILVER. I was told that. I am not sure if I ever saw that sign or not. It may have had it and it may not have. I don't know. I don't recall it. I have heard it referred to that way.

Senator TOBEY. Was there anything appropriate about that name?

Mr. SILVER. Not to my knowledge, sir.

Mr. ELICH. It is a factory building, Senator, a large building. They only occupied a small portion for their activity.

The CHAIRMAN. When did he work there?

Mr. HALLEY. You worked there in 1949, is that right?

Mr. SILVER. Yes.

Mr. HALLEY. Up to the very end, in December, is that correct?

Mr. SILVER. I worked until December of 1949 in Jersey.

Mr. HALLEY. From June?

Mr. SILVER. At that place or that other place that we referred to. Some of that time may have been in that other place that we were talking about at Palisades.

Mr. HALLEY. The place at Palisades.

Mr. SILVER. You see, sometimes you change over, you know what I mean. I am trying to give you people the best of my recollection. I may not be 100-percent perfect in every answer. I hope you people understand that I am doing the best I can under the circumstances trying to get this thing behind me as quickly as possible. I know that you feel the same way about it.

Senator TOBEY. Are you still in the same business right now?

Mr. SILVER. No, sir. I am not doing anything right now.

Mr. HALLEY. The carriage factory was what you would call a sawdust place?

Mr. SILVER. Yes.

Mr. HALLEY. Mr. Elich is shaking his head.

Mr. ELICH. I am sorry. There were two places running at the same time. One was a sawdust place and one was a carpet place. Wasn't the carpet place over across, just a short distance, about a block away?

Mr. SILVER. No, sir. I believe this gentleman is wrong about that.

Mr. ELICH. I merely asked you.

Mr. SILVER. Don't verify it by me, but to the best of my knowledge, that is not right.

Mr. ELICH. That is the impression I got.

Mr. HALLEY. There is a place at Palisades, a carpet place?

Mr. SILVER. No, sir.

Mr. HALLEY. Both were sawdust places?

Mr. SILVER. That is right.

Mr. HALLEY. As far as the amount of money bet—

Mr. SILVER. May I interpose and say one thing regarding what that gentleman said?

Mr. HALLEY. Yes.

Mr. SILVER. There may have been at various times, I am not aware of this, and I am not supposing, there may have been times when there were two places running simultaneously, but I wouldn't necessarily have knowledge of the fact. I want you people to understand that I just worked there, and if there were certain things going on, they didn't necessarily inform me of them. He may be right that some time or other there were two places working simultaneously that I am not aware of. It may be true and it may not be. I don't know.

Mr. HALLEY. In all of these places from 1945 to 1949, there was basically the same group of employees; is that right?

Mr. SILVER. There was a turn-over, but more or less the same cases.

Mr. HALLEY. Who were the bosses, for instance, through this whole period? Was Goldfine there constantly?

Mr. SILVER. Yes; I believe he was.

Mr. HALLEY. Was Schafer there?

Mr. SILVER. I believe he was. I can't be absolutely sure of those answers because to the best of my recollection they were there right along; yes.

Mr. HALLEY. Was Kitty Klein there?

Mr. SILVER. I don't think he was in every place; no, I don't think so.

Mr. HALLEY. Which places was he in, do you remember?

Mr. SILVER. I would say definitely that I saw him in that place I referred to in Patterson and another place I referred to in Lodi. That I would say.

Mr. HALLEY. Were you ever arrested in any of these places? Were they ever raided?

Mr. SILVER. Not while I was there.

Mr. HALLEY. You had no trouble at all?

Mr. SILVER. No, sir.

Mr. HALLEY. Did you ever see any policemen in them?

Mr. SILVER. Not in uniform, not that I would know were policemen.

Mr. HALLEY. Did they ever come in and sit down and have a drink?

Mr. SILVER. No, sir.

Mr. HALLEY. And a bite of food?

Mr. SILVER. No, sir; not to my knowledge.

Mr. HALLEY. No further questions.

The CHAIRMAN. To your knowledge how was this protection arranged?

Mr. SILVER. That I wouldn't know. I tried to explain I worked for these people and they regarded me just as help and that is all. They don't discuss things like that with me.

The CHAIRMAN. But they were all places open to the public, where the public could come in if they wanted to gamble?

Mr. SILVER. I wouldn't say they were open to the public to the extent that you could walk in the way you would into a public drinking place or dining place.

The CHAIRMAN. Did you have to give some special knock?

Mr. SILVER. The people who came in were known to somebody in the place. Otherwise—that is just my guess on the matter.

The CHAIRMAN. Did they have horse books in these or wire service in these places?

Mr. SILVER. Not to my knowledge. I never saw anything like that around.

The CHAIRMAN. Any betting on horses?

Mr. SILVER. No, sir.

The CHAIRMAN. How many of these places were also supper clubs or restaurants where you could eat and then go back and gamble?

Mr. SILVER. Two of those.

The CHAIRMAN. Which two?

Mr. SILVER. The one I referred to somewhere in Paterson, I believe it was, and the other one in Lodi.

The CHAIRMAN. Mr. Kostelanetz, do you have any questions?

Mr. KOSTELANETZ. No.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. Were these places ever raided?

Mr. SILVER. No, sir.

Senator TOBEY. Do you ever see Joe Adonis?

Mr. SILVER. Yes.

Senator TOBEY. Where?

Mr. SILVER. Well, I believe I saw him in a couple of these places.

Senator TOBEY. Was he playing the game or in a managerial capacity, partner, or what?

Mr. SILVER. No managerial capacity so far as I was concerned.

Senator TOBEY. What was he doing?

Mr. SILVER. Just walking in the place and looking around possibly, maybe he would be in the dining room eating.

Senator TOBEY. Did they show him proper respect for his rank?

Mr. SILVER. That I didn't pay any attention to, sir, because usually if I happened to see him I would be working and couldn't pay much attention.

Senator TOBEY. How did you know he was Joe Adonis?

Mr. SILVER. I knew him when I saw him.

Senator TOBEY. How many times had you seen him before that?

Mr. SILVER. Before that I don't believe I had ever seen him.

Senator TOBEY. How did you know him?

Mr. SILVER. Because somebody mentioned the fact that was who it was.

Senator TOBEY. Did they say it with a little bit of respect and reverence in their voice?

Mr. SILVER. Well, possibly respect. I wouldn't say reverence.

Senator TOBEY. That is all.

The CHAIRMAN. I believe that is all.

Mr. HALLEY. Thank you.

Mr. SILVER. May I ask something, sir?

Mr. HALLEY. Surely.

Mr. SILVER. I realize that subpoena I received holds me to appear whenever you want me, but do you think that I would be wanted again in the event that I was able to get employment elsewhere out of town, possibly in the West, in Nevada or something like that or must I remain in New York? Just what takes place now so far as I am personally concerned?

The CHAIRMAN. You are, of course, continued under subpoena. We would want you to let us know where you are.

Mr. SILVER. Do you think if I went away, particularly a great distance, that I would be required to return? What I am trying to get at, I will try to explain, if I do go away it will be for the purpose of obtaining employment, and if I obtain employment and it were necessary for me to leave, I would lose that employment more than likely. That is what I am trying to determine.

Senator TOBEY. I don't want to inquire into your personal affairs, but do you contemplate or hope for employment along the same lines you have been doing here?

Mr. SILVER. I was thinking about Nevada. I don't know whether I will do it or not. It is possible I may, it is possible that I may not.

Senator TOBEY. That brings about another question of human relations which I am interested in and I am doing a little research work in these cases. How old are you?

Mr. SILVER. Forty-five.

Senator TOBEY. This is the business you have been in some time?

Mr. SILVER. Yes, sir.

Senator TOBEY. What was your business prior to this?

Mr. SILVER. Prior to this I was salesman.

Senator TOBEY. What is there about this that intrigues you? It isn't very heavy money you are getting.

Mr. SILVER. No, it isn't, you are right.

Senator TOBEY. Aiding and abetting an illegal business. Why don't you as you look ahead look for something more stable? Why don't you cut the stuff out?

Mr. SILVER. You have the right idea. I have been thinking about it for quite a while.

Senator TOBEY. Then don't go to Nevada.

Mr. SILVER. Maybe you are right about that, too. Of course, it is legal there.

Senator TOBEY. I know, but it is playing the same game, that is all.

Mr. SILVER. You are right about that.

Senator TOBEY. Do you have any children?

Mr. SILVER. No, sir.

Senator TOBEY. Are you married?

Mr. SILVER. Yes, I am.

Senator TOBEY. That is all I have.

The CHAIRMAN. It is quite likely that within the next few weeks we will need you here, but we don't want to prevent you from going anywhere else to accept employment, but when you are notified to come back you will have to come back.

Mr. SILVER. You mean if I left you would require me to return? Do you think you would require me to return if I did go away?

Mr. HALLEY. Yes.

The CHAIRMAN. It is quite likely that we will.

Mr. HALLEY. The matter will probably be cleaned up within a matter of a few weeks. In any event, if you do go away be absolutely sure to let Mr. Elich or Mr. Kostelanetz know where you are going.

Mr. SILVER. In view of what I was told I doubt very much if anything will come of it. Anything else now?

The CHAIRMAN. No. That is all.

Mr. Barker, do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. BARKER. I do.

TESTIMONY OF JOHN W. BARKER, NEW YORK, N. Y.

Mr. HALLEY. Mr. Barker, what is your address?

Mr. BARKER. 12 East Ninety-seventh Street.

Mr. HALLEY. What is your business?

Mr. BARKER. I work in club houses.

Mr. HALLEY. Gambling houses?

Mr. BARKER. Yes, sir.

Mr. HALLEY. How long have you been doing that?

Mr. BARKER. A great many years.

Mr. HALLEY. Did you start at the old Riviera, run by Ben Marden?

Mr. BARKER. Did I start there? Oh, no.

Mr. HALLEY. You started even before that?

Mr. BARKER. Oh, yes.

Mr. HALLEY. You worked in Habana, is that right?

Mr. BARKER. Yes.

Mr. HALLEY. At the Jockey Club?

Mr. BARKER. Yes.

Mr. HALLEY. Is that where you started or can you go back even further?

Mr. BARKER. Well, can I move over just a little. When did I start?

Mr. HALLEY. Yes.

Mr. BARKER. I started about 60 years ago.

Mr. HALLEY. Where did you start?

Mr. BARKER. Omaha, Nebr.

Mr. HALLEY. In what cities have you worked in gambling houses since then?

Mr. BARKER. I have worked in gambling in Omaha, as I told you, Saratoga, and New York City.

Mr. HALLEY. Around 1933 you worked at the Jockey Club at Habana?

Mr. BARKER. In 1933? Yes, I think we were there in 1933.

Mr. HALLEY. Was one of the men who worked for you Charles Silver, who just left?

Mr. BARKER. Silver?

Mr. HALLEY. Yes. Do you remember him?

Mr. BARKER. No, not in 1933.

Mr. HALLEY. At a later time he did work for you, is that right?

Mr. BARKER. Yes.

Mr. HALLEY. About 1939?

Mr. BARKER. Yes.

Mr. HALLEY. How long were you at the Jockey Club in Habana?

Mr. BARKER. I was there for quite a while off and on. I don't remember what year I first went out there. To tell you the truth, I don't remember.

Mr. HALLEY. Were you in charge of the wheels?

Mr. BARKER. In Habana, yes.

Mr. HALLEY. They would be roulette wheels, is that right?

Mr. BARKER. Yes.

Mr. HALLEY. Then you came to the Riviera owned by Ben Marden, is that correct?

Mr. BARKER. No. I came to the Riviera, but the Riviera was conducted by Mr. Marden as a restaurant. I came there with some people from Philadelphia.

Mr. HALLEY. Who were they?

Mr. BARKER. There first with Keolker.

Mr. HALLEY. Is that spelled K-e-o-l-k-e-r?

Mr. BARKER. Yes, sir.

Mr. HALLEY. Where did you meet Mr. Keolker.

Mr. BARKER. In Habana.

Mr. HALLEY. Did he have any connection with the Habana Club?

Mr. BARKER. No, not then.

Mr. HALLEY. Did he at any time?

Mr. BARKER. Yes.

Mr. HALLEY. Can you tell the committee about it, how he got into the Habana Club and then how he happened to bring you up to New Jersey?

Mr. BARKER. How he happened to bring me? Well, I will tell you. He was in Habana not engaged in the casino. He had nothing to do with that. I don't know, perhaps he liked my work. Anyhow, when he came back here I met him on the race track one day and they said they were going in the Riviera. That is the old Riviera, you understand.

Mr. HALLEY. Where was that located?

Mr. BARKER. I think it might be a couple of hundred feet farther up the Palisades.

Mr. HALLEY. It burned, did it not?

Mr. BARKER. Yes, sir; on Thanksgiving evening, night.

Mr. HALLEY. Wasn't there gambling at the old Riviera?

Mr. BARKER. Yes, sir. I am telling you I went in there with the Keolkers.

Mr. HALLEY. At that time was Marden running the restaurant?

Mr. BARKER. Yes, sir.

Mr. HALLEY. At the old Riviera?

Mr. BARKER. Well, his name was there. I guess he run it.

Mr. HALLEY. Did you work at the new Riviera?

Mr. BARKER. Yes.

Mr. HALLEY. During what period?

Mr. BARKER. You see, when that burned down it took some time to rebuild the new Riviera, and I won't be positive exactly when we did go in there.

Mr. HALLEY. You were ill for a while, weren't you?

Mr. BARKER. Yes. I was 9 weeks in the Inglewood Hospital.

Mr. HALLEY. When you came out of that hospital, was that in 1942?

Mr. BARKER. Yes. I think I came out maybe in September. I wouldn't be sure about it. I know when I went in.

Mr. HALLEY. Did Ben Marden ask you to take charge at the new Riviera?

Mr. BARKER. Did he ask me to take charge?

Mr. HALLEY. Yes.

Mr. BARKER. I don't know that. I just moved in, that is all.

Mr. HALLEY. You just moved in.

Mr. BARKER. Yes.

Mr. HALLEY. At the new place he actually ran the gambling operation, did he not?

Mr. BARKER. Yes.

Mr. HALLEY. What was your function there?

Mr. BARKER. I looked after the wheels. I don't know what you would call it.

Senator TOBEY. You kept them greased?

Mr. BARKER. No.

Mr. HALLEY. How many roulette wheels were there at the new Riviera?

Mr. BARKER. Well, let me count up. I will try to figure it out. I think we had four.

Mr. HALLEY. What is the function of the man who looks after the wheels? What do you do? Supervise all four?

Mr. BARKER. Yes. Well, generally have somebody, you know, who works around with me.

Mr. HALLEY. You have one or two men at each wheel, is that right?

Mr. BARKER. Yes.

Mr. HALLEY. And then you and one or two other men also circulate around.

Mr. BARKER. Yes; that is right.

Mr. HALLEY. After you worked at the Riviera for some time, it closed, did it not, at the end of 1942?

Mr. BARKER. Yes.

Mr. HALLEY. Between 1942 and——

Mr. BARKER. May I interrupt you?

Mr. HALLEY. Please.

Mr. BARKER. After I came out of the hospital I took no active—I have to tell you this, because I have income-tax returns that show those things. After I came out of the hospital I went in there on the 30th of June, and I came out—I was in there 9 weeks. Would probably be around maybe in the first week of September.

Mr. HALLEY. Did you, by the way, bring your income-tax records with you?

Mr. BARKER. Yes.

Mr. HALLEY. Do you have them here now?

Mr. BARKER. I haven't those away back there; no, sir.

Mr. HALLEY. Do you have the more recent ones?

Mr. BARKER. Yes.

Mr. HALLEY. Would you present them to the committee?

Mr. BARKER. Why, certainly.

Mr. HALLEY. Thank you.

Mr. BARKER. I only brought any records that might be pertaining—

Mr. HALLEY. To the more recent operations?

Mr. BARKER. Yes.

Mr. HALLEY. That is just what we wanted. Thank you.

Mr. BARKER. You see, I don't keep these records myself. I have a concern that takes care of my income tax when I have any income, and I leave those papers there.

Mr. HALLEY. Between 1942 and 1945 did you work for any gambling operation?

Mr. BARKER. No.

Mr. HALLEY. What was your occupation in those years?

Mr. BARKER. Nothing.

Mr. HALLEY. In 1945 did you go to work for the G. & R. Trading Co.?

Mr. BARKER. Well, I suppose I did. I don't keep much of a record of initials or letters, but whatever is on there, I must have worked for.

Mr. HALLEY. We have here a withholding receipt for the year 1945 to John W. Barker, 12 East Ninety-seventh Street. That is one you just brought in; is that right?

Mr. BARKER. That must be my income tax.

Mr. HALLEY. It looks like it. This is the one you just brought in; is that right?

Mr. BARKER. That is right.

Mr. HALLEY. Three thousand seven hundred dollars income paid by G. & R. Trading Co., 109 Roosevelt Avenue, Hasbrouck Heights, N. J. The individual name is Anthony Guarini. Would you tell who Anthony Guarini is?

Mr. BARKER. I am afraid I can't tell you that.

Mr. HALLEY. Did you ever meet him?

Mr. BARKER. I am afraid I can't tell you. I might have, but I don't know. I will tell you, I never had anybody ever to give me any orders. I never came in contact with anybody that ever told me what to do or what not to do.

Mr. HALLEY. Who hired you in 1945?

Mr. BARKER. Who hired me?

Mr. HALLEY. Yes.

Mr. BARKER. This perhaps will seem a little ridiculous to you, but nevertheless I don't know how much you know about these procedures of the gambling business. You may know all about it. They were going to open a place over in Jersey. I didn't even know where it was, but a lot of them were going over from Seventh Avenue. I went down and we went over there, and I guess there must have been I don't know how many automobiles, and somebody drove me over to this place.

Mr. HALLEY. What do you mean when you say there were a lot of people going over from Seventh Avenue? Is that the meeting place?

Mr. BARKER. They just happened to meet there, I suppose; whoever was going to drive them with machines told them they would be there. I didn't know anything about it. I am a little peculiar about where I go and where I work.

Mr. HALLEY. Who told you about it?

Mr. BARKER. Somebody, some of these boys—I don't know—that I know, called me up.

Mr. HALLEY. You don't remember who it was?

Mr. BARKER. I don't remember. I didn't pay enough attention to it.

Mr. HALLEY. Did you go to Seventh Avenue and get into an automobile?

Mr. BARKER. Yes, and went over.

Mr. HALLEY. Who went with you; do you know? Did you know the people in the automobile?

Mr. BARKER. I am under oath, and I wouldn't like to mention somebody's name that I really didn't know.

Mr. HALLEY. Would you give your best recollection? It will be taken for what it is worth by the committee.

Mr. BARKER. It seems to me there was a man by the name of Clayman or Cleyman, or something like that.

Mr. HALLEY. Cleyman?

Mr. BARKER. I think he was in the machine. I think so.

Mr. HALLEY. Were you taken to a place in Caldwell, N. J.?

Mr. BARKER. That is right. I couldn't get there, and I wouldn't know how to get there.

Mr. HALLEY. What was it—a private residence?

Mr. BARKER. I would imagine it might some time have been a little small restaurant or something. It might have been. It was like in a private house.

Mr. HALLEY. And there was a gambling room; is that right?

Mr. BARKER. That is right.

Mr. HALLEY. Or was there more than one gambling room?

Mr. BARKER. Oh, no.

Mr. HALLEY. Who hired you there? Who did you talk to?

Mr. BARKER. Nobody. That is what I am trying to tell you; nobody hired me. You go in those places and see somebody maybe that you know. They must have known me from—some of the boys must have told them something about me or I never would have gotten the telephone message.

Mr. HALLEY. It sounds to me like you are trying perhaps for good motives to protect somebody.

Mr. BARKER. No.

Mr. HALLEY. But you must have known who was the straw boss at the place.

Mr. BARKER. I have nobody to protect. This man that you are mentioning there, he might have been somewhere there in charge.

Mr. HALLEY. Who is that? I mentioned Charles Silver. You don't mean him?

Mr. BARKER. He never was in charge.

Mr. HALLEY. Was Alex Goldfine?

Mr. BARKER. Alex Goldfine worked there.

Mr. HALLEY. Did he have anything to do with hiring you?

Mr. BARKER. No.

Mr. HALLEY. What was his job there?

Mr. BARKER. He ran the craps.

Mr. HALLEY. Was he a supervisor of any kind?

Mr. BARKER. Not that I know of. I don't think so.

Mr. HALLEY. What did Kitty Klein do there?

Mr. BARKER. He was credit man.

Mr. HALLEY. Was Jimmie Lynch there?

Mr. BARKER. Yes; he was.

Mr. HALLEY. You saw him there?

Mr. BARKER. Well, I think he worked on the books or maybe in the money room, that I never got in.

Mr. HALLEY. You never got into the money room at all?

Mr. BARKER. No.

Mr. HALLEY. Did you ever see Joseph Doto there, Joe Adonis?

Mr. BARKER. Joe Adonis? I might have, but I wouldn't be positive. Just a minute. You say Joe Adonis.

Mr. HALLEY. Yes.

Mr. BARKER. Is he on that card of mine?

Mr. HALLEY. He is sometimes known as Joe Doto.

Mr. BARKER. Well, I don't know anybody by the name of Doto. I have read a great deal in the papers about Joe Adonis, but I never read anything about Doto, but he might have been there and I might have seen him.

Mr. HALLEY. Actually isn't Joe Doto the name that is on the cards you have?

Mr. BARKER. Yes; but I don't know anything about those names there. I was asked that once before.

Mr. HALLEY. Did you ever see Joe Adonis? Do you know who he is?

Mr. BARKER. I might have seen him there. I expect probably he has been in there.

Mr. HALLEY. Have you seen him at some of the other gambling places you worked at in recent years?

Mr. BARKER. I might have seen him somewhere else. You see, there is lots of people who come there—I will try and explain it to you. They have a restaurant attached to those places. There are some people who come in there in the restaurant who never come out. They could be there and I would never see them, because I don't go in there. I never eat any meals there. I never have any business there. So he could have been in there and I might not have seen him.

Mr. HALLEY. When you say you might have seen him, do you really mean you probably saw him but you are not absolutely sure?

Mr. BARKER. I probably did if he was there.

Senator TOBEY. Would you know him if he walked in here now?

Mr. BARKER. Would I know him? By sight I probably would; yes.

Mr. HALLEY. Then you have seen him some place.

Mr. BARKER. I say I probably have seen him.

Mr. HALLEY. You say you have never seen Guarini?

Mr. BARKER. Maybe, but I don't know him by that name.

Mr. HALLEY. By what name do you know Guarini?

Mr. BARKER. I don't know him by any name. There are a lot of those people I couldn't know their names.

Mr. HALLEY. Who paid your salary?

Mr. BARKER. It come out of the office.

Mr. HALLEY. You mean a cashier in a cage? Who would come out of the office and hand it to you?

Mr. BARKER. Well, anybody could bring it out. I will have to go through that with you.

Mr. HALLEY. Would you, please.

Mr. BARKER. We have a clubroom there. The doors are closed until 9 o'clock. At 9 o'clock the dealers come into that room. On pay nights envelopes are sent in there for the men who work on the wheels. Those envelopes could be brought in by anybody. They could be given to me; they could be given to the cashier; they could be given to anybody. But probably if they were given to me for the men who were working on the wheels or maybe if they were given to Mr. Kessler, who helped me around there, we would say here are four wheels, Nos. 1, 2, 3, and 4, and the men who worked on No. 1, their envelopes would be there laid on what they call the work board. When they came in they would pick them up.

Senator TOBEY. Mr. Chairman, there is a missing link here that we ought to bring out, it seems to me. He says he went over there, took a ride, and went in the place and handled the wheels, but no testimony has been given as to who made the financial arrangements to link him up with the management definitely.

Mr. HALLEY. I am trying to find out who the boss was.

Mr. BARKER. I had no boss.

Senator TOBEY. Who hired you? Who told you to go to work and agreed to pay you so much money?

Mr. BARKER. Perhaps this Mr. Greeno was the one.

Senator TOBEY. You know who hired you, don't you?

Mr. BARKER. I beg your pardon?

Senator TOBEY. Haven't you a vivid recollection of what he said to you when he hired you?

Mr. BARKER. Somebody spoke around there and said, "You go on the wheels."

Senator TOBEY. And you were willing. Did he quote the price?

Mr. BARKER. No; not then.

Senator TOBEY. You took whatever they wanted to give in the envelope; is that right?

Mr. BARKER. I got my salary at the end of the week.

Senator TOBEY. How did you know how much it was?

Mr. BARKER. I didn't know.

Senator TOBEY. You took whatever they put in the envelope?

Mr. BARKER. Yes, sir.

Senator TOBEY. That constituted your salary.

Mr. BARKER. That is right.

Senator TOBEY. With no agreement between two minds at all.

Mr. BARKER. No agreement.

Senator TOBEY. You are certainly a trusting soul.

Mr. BARKER. Trusting?

Senator TOBEY. Yes; very trusting. When a man goes to work for somebody, he generally wants to know what the quid pro quo is going to be. You took it all on faith.

Mr. BARKER. All kinds of houses pay different salaries. I could afford to work a week and find out. If it didn't suit me, I didn't have to stay.

Senator TOBEY. Wouldn't the natural thing be to ask, "What is in it for me; what are you going to pay me?" Men don't work for their health. They work for wages.

Mr. BARKER. I didn't ask them.

Senator TOBEY. That is a funny thing, gentlemen.

Mr. BARKER. I don't think so.

Senator TOBEY. I would like to see some other line of business where they do it that way.

Mr. BARKER. If you understood this business as I do probably you would have the same idea.

Senator TOBEY. Were you afraid not to go to work for them?

Mr. BARKER. Afraid?

Senator TOBEY. Yes.

Mr. BARKER. Oh, no.

Senator TOBEY. In other words, you went to work for them, and they said, "Take a wheel," and you took a wheel.

Mr. BARKER. That is right.

Senator TOBEY. Price and salary unknown.

Mr. BARKER. That is right.

Senator TOBEY. Whatever you want to give me, gentlemen, is all right.

Mr. BARKER. Yes.

Senator TOBEY. When you opened the first envelope that constituted your salary—

Mr. BARKER. Yes, sir; it was \$100.

Senator TOBEY. You looked for the same thing thereafter?

Mr. BARKER. That is right.

Senator TOBEY. Any percentage on the winnings?

Mr. BARKER. No.

Senator TOBEY. Just a clean straight \$100.

Mr. BARKER. That is right.

Senator TOBEY. Was that a fair salary, in your judgment?

Mr. BARKER. Well, it was maybe a case of half a loaf is better than none. It would be better to work, I think, 6 months for \$100 a week than 3 months for \$200.

The CHAIRMAN. Mr. Barker, I didn't understand who called you in the first place to meet them down at Seventh Avenue.

Mr. BARKER. It probably was one of the boys.

The CHAIRMAN. You must know who called you.

Mr. BARKER. That had been associated somewhere else with me. People call people up all over the country, call them up from Chicago, and tell them they are going to open some place.

Mr. HALLEY. You were in charge of three wheels, were you not?

Mr. BARKER. Yes.

Mr. HALLEY. You had an important job?

Mr. BARKER. What?

Mr. HALLEY. You had an important job.

Mr. BARKER. I wouldn't call it very important.

Mr. HALLEY. You certainly were supervising the man at each wheel, were you not?

Mr. BARKER. Yes. I was looking after those wheels.

Mr. HALLEY. He knew you were his boss; is that right? You gave him orders.

Mr. BARKER. Give him orders; why, yes.

Mr. HALLEY. You would tell him when to take a relief period and when to leave the wheel.

Mr. BARKER. He would ask me probably. He could ask anyone; he could ask Mr. Kessler or he could ask anyone who was there.

Mr. HALLEY. Who did you get your orders from?

Mr. BARKER. I didn't get any orders.

Mr. HALLEY. You mean in all the time you worked in that place nobody gave you an order?

Mr. BARKER. I mean to tell you that I never got an order from anybody in that place.

Mr. HALLEY. Mr. Barker—

Mr. BARKER. Nobody told me what to do and what not to do, no.

Mr. HALLEY. Mr. Barker, you must have known who the people were who were in charge of that gambling establishment.

Mr. BARKER. All I know is what is on that card.

Mr. HALLEY. You don't even know what is on the card. You don't know Guarini, you say.

Mr. BARKER. I don't know him by that name. If he has another name, I might know him.

Mr. HALLEY. What name did you know your bosses by?

Mr. BARKER. What bosses?

Mr. HALLEY. You have mentioned Greeno? Did you have a Greeno there?

Mr. BARKER. Probably he was.

Mr. HALLEY. Now probably is not an answer. Was a man named Greeno there?

Mr. BARKER. I suppose—I guess I will have to say there was because I don't know.

Mr. HALLEY. No; you don't have to say anything but the fact.

Mr. BARKER. The fact is that I never had any boss that I know of that ever came and told me anything by the name of Greeno or any other name.

Mr. HALLEY. Nobody ever gave you a single instruction in all that time?

Mr. BARKER. Maybe they thought I knew my business and they didn't have to give me any.

Mr. HALLEY. After Caldwell, did you go to work at Lodi?

Mr. BARKER. Yes, sir.

Mr. HALLEY. Will you describe the operation at Lodi?

Mr. BARKER. The operation?

Mr. HALLEY. The number of wheels, the number of crap games.

Mr. BARKER. I think maybe we might have had one more wheel in Lodi.

Mr. HALLEY. There were four wheels there, is that right?

Mr. BARKER. Yes, sir.

Mr. HALLEY. Your boss there was the L. & C. Co., is that right?

Mr. BARKER. I guess that is so, if it is on that.

Mr. HALLEY. Isn't that correct?

Mr. BARKER. I guess it is.

Mr. HALLEY. How long did you work at Lodi?

Mr. BARKER. Well, they were open and closed there. I worked a very short season there once. Then they reopened again, and I went back.

Mr. HALLEY. What is the first year in which you worked at Lodi?

Mr. BARKER. I think it must have been 1946. You see, I haven't worked in any of those places in over 2 years.

Mr. HALLEY. You worked in there 1946 and 1947, would that be correct?

Mr. BARKER. That is right.

Mr. HALLEY. Do you know who ran the gambling house at Lodi?

Mr. BARKER. Who ran it?

Mr. HALLEY. Yes.

Mr. BARKER. The only man that I would say might have had something to do with it was a man by the name of Lynch.

Mr. HALLEY. James Lynch?

Mr. BARKER. Jim, James; yes.

Mr. HALLEY. You would see him in the gambling room?

Mr. BARKER. Yes.

Mr. HALLEY. He did give orders to people?

Mr. BARKER. He never gave me any, but maybe he gave them to somebody else.

Mr. HALLEY. Did he or did he not give them to somebody else?

Mr. BARKER. I wouldn't know that.

Mr. HALLEY. Did you see him giving orders? That is simple enough.

Mr. BARKER. No; I didn't see him giving any orders.

Mr. HALLEY. What did you see him do?

Mr. BARKER. He was either keeping the books or in the money room.

Mr. HALLEY. He walked in and out of the money room freely?

Mr. BARKER. That is right.

Mr. HALLEY. That is something you never did?

Mr. BARKER. No; I had no business in there.

Mr. HALLEY. Who else went into the money room?

Mr. BARKER. Well, if he had some assistants there, they probably went in.

Mr. HALLEY. He must have had some assistants, isn't that right?

Mr. BARKER. Yes.

Mr. HALLEY. Then the answer is he had some assistants.

Mr. BARKER. Yes.

Mr. HALLEY. Not if he had some.

Mr. BARKER. I suppose he had.

Mr. HALLEY. Who were the assistants?

Mr. BARKER. That I wouldn't know.

Mr. HALLEY. How long did you work there?

Mr. BARKER. I will explain that to you too.

Mr. HALLEY. It will take a lot of explaining, Mr. Barker. Please go ahead and try.

Mr. BARKER. There was a back way to come in that money room, and anybody could go in there and I wouldn't see them.

Mr. HALLEY. Did Kitty Klein ever go into the money room?

Mr. BARKER. Probably he did.

Mr. HALLEY. Did you ever see him go into it?

Mr. BARKER. That I couldn't say.

Mr. HALLEY. Why did you say probably he did?

Mr. BARKER. Well, because there was a little space there and a door led into the money room. He used to sit in there. That is where, if you wanted to know about any credits, he was in there.

He could get into the money room. He could get in there, and maybe he did.

Mr. HALLEY. Did you ever see Joe Adonis at the L. & C. Amusement Co. at Lodi?

Mr. BARKER. Probably have seen him there.

The CHAIRMAN. Mr. Barker, you know whether you have seen him or not. Did you see him or not?

Mr. BARKER. Well, I wouldn't be sure, Senator.

The CHAIRMAN. You know Joe Adonis when you see him?

Mr. BARKER. I must know him.

Senator TOBEY. Why must you?

Mr. BARKER. They all say he was in there and if he was in there I must have seen him.

Senator TOBEY. Don't you know him and haven't you had conversations with him several times in your life?

Mr. BARKER. No, no.

Senator TOBEY. If he walked in here you would know him, wouldn't you?

Mr. BARKER. Probably.

Senator TOBEY. Why do you say probably? You would or you wouldn't.

Mr. BARKER. If he was there and I saw him.

Senator TOBEY. I didn't say that. If he walked in the door you would know him.

Mr. BARKER. Probably.

Senator TOBEY. You would know it was Joe Adonis. The answer is "Yes," isn't it?

Mr. BARKER. I have seen his picture in the paper a lot of times.

Senator TOBEY. You have seen his face too, probably, face to face.

Mr. BARKER. Probably I have.

Senator TOBEY. Why do you say probably. You have or you haven't.

Mr. BARKER. I think I have.

Senator TOBEY. Then say "Yes," and cut out this word "probably"; it is too ambiguous.

Mr. BARKER. I will say "Yes" if it will help any.

Senator TOBEY. When you went to work at this other joint, I don't know where it was, a while ago you said you met him at Seventh Avenue and went over there.

Mr. BARKER. Yes.

Senator TOBEY. How about the Lodi place? How did you get access there? Who hired you there?

Mr. BARKER. Who hired me?

Senator TOBEY. Yes, at Lodi. Who put you on the job there working.

Mr. BARKER. The same people that worked over there with us, the boys that worked in the place went over there, some of them.

Senator TOBEY. Who told you to come there?

Mr. BARKER. Mr. Goldfine might have called me.

Senator TOBEY. You have these probable words that you use. You have probably and might have. You have a good lexicon there. But we want brass tacks. Was it Goldfine who called you or not?

Mr. BARKER. I think it was.

Senator TOBEY. Say "Yes" or "No."

Mr. BARKER. Suppose I was mistaken.

Senator TOBEY. Because we take the chance on that. You give us the testimony "Yes" or "No."

Mr. BARKER. I will say "Yes" to that.

Senator TOBEY. Going ahead. When you got over to Lodi's how about the modis operandi of salaries there?

Mr. BARKER. The same thing.

Senator TOBEY. Did you get just an envelope in the same way?

Mr. BARKER. Yes.

Senator TOBEY. What did you get?

Mr. BARKER. \$100.

Senator TOBEY. What did the fellows under you get?

Mr. BARKER. I don't know what they got.

Senator TOBEY. You were over them, weren't you?

Mr. BARKER. Sir?

Senator TOBEY. You were over them, weren't you?

Mr. BARKER. Yes, but I didn't ask them.

Senator TOBEY. They were underlings?

Mr. BARKER. Yes.

Senator TOBEY. Do you know what they got?

Mr. BARKER. The same thing, I guess.

Senator TOBEY. Money, check, cash, or what?

Mr. BARKER. Money.

Senator TOBEY. Where did this crowd bank, do you know? Where did they bank their money?

Mr. BARKER. I don't know anything about their money.

Senator TOBEY. That is all, Mr. Chairman.

Mr. BARKER. I know nothing about their money at all. I have never handled any of their money, aside from my salary. Nobody in those places, dealers, have anything to do with the money.

Mr. HALLEY. In 1947 you also worked at Saratoga, did you not?

Mr. BARKER. Yes; that is right.

Mr. HALLEY. You worked there for the L. & L. Co.?

Mr. BARKER. That is what is on there. I worked for it.

Mr. HALLEY. How did you get that job?

Mr. BARKER. We all went from Lodi over there.

Mr. HALLEY. Who is we all?

Mr. BARKER. These dealers.

Mr. HALLEY. Who were the dealers? Give us some names.

Mr. BARKER. I think Mr. Waggoner worked there.

Mr. HALLEY. What is Waggoner's full name?

Mr. BARKER. Leon, I think.

Mr. HALLEY. Any others?

Mr. BARKER. They were on the craps. I had nothing to do with that.

Mr. HALLEY. Was there a Sammy Fishman?

Mr. BARKER. Yes.

Mr. HALLEY. Was he a dealer?

Mr. BARKER. Yes.

Mr. HALLEY. Was there a Bill Williams?

Mr. BARKER. No; I don't think he worked in Saratoga.

Mr. HALLEY. But Fishman did?

Mr. BARKER. Yes.

Mr. HALLEY. And he also worked in Lodi, is that right?

Mr. BARKER. Yes.

Mr. HALLEY. Did Jimmie Cohen work at Lodi?

Mr. BARKER. Jimmie Cohen worked at Caldwell, but I can't remember whether he went down to Lodi or not.

Mr. HALLEY. Did he go to Saratoga?

Mr. BARKER. No.

Mr. HALLEY. Did Mike Lascari work at Lodi?

Mr. BARKER. I don't know him.

Mr. HALLEY. You don't know Mike Lascari?

Mr. BARKER. No.

Mr. HALLEY. L-a-s-c-a-r-i, Mike Lascari.

Mr. BARKER. There wasn't any dealer there by that name.

Mr. HALLEY. Wasn't he the cashier?

Mr. BARKER. Oh, there was a man by the name of Mike. I never knew his last name.

Mr. HALLEY. Where was he the cashier?

Mr. BARKER. In Lodi.

Mr. HALLEY. Did he go to Saratoga?

Mr. BARKER. Yes.

Mr. HALLEY. He did?

Mr. BARKER. Yes.

Mr. HALLEY. Was there a man named Alex Goldfine?

Mr. BARKER. Yes.

Mr. HALLEY. He was at Lodi?

Mr. BARKER. Yes.

Mr. HALLEY. He was also at Caldwell?

Mr. BARKER. Yes.

Mr. HALLEY. Did he go to Saratoga?

Mr. BARKER. Yes.

Mr. HALLEY. At Saratoga where were you actually located? Where was the gambling?

Mr. BARKER. Where the clubhouse was?

Mr. HALLEY. Yes.

Mr. BARKER. A place called Arrowhead Inn.

Mr. HALLEY. Who was your boss there?

Mr. BARKER. Mr. Lynch was there. If he was the boss, I don't know.

Mr. HALLEY. James Lynch?

Mr. BARKER. Yes.

Mr. HALLEY. Who offered you the opportunity to go to Saratoga in the summer of 1947?

Mr. BARKER. We all went there from Lodi.

Mr. HALLEY. You must at least have gone home and packed a grip. Who told you you were going to Saratoga?

Mr. BARKER. Everybody around there said we are going up to Saratoga.

Mr. HALLEY. Who told you when to go and where to go?

Mr. BARKER. Who told me when to go?

Mr. HALLEY. Yes.

Mr. BARKER. They told me they were going to open there.

Mr. HALLEY. Who told you?

Mr. BARKER. Well, maybe Mr. Goldfine. I wouldn't be surprised if he did.

Mr. HALLEY. I would like to know definitely and not maybe.

Mr. BARKER. Well, I would say "Yes."

Mr. HALLEY. You would say "Yes"?

Mr. BARKER. I would say "Yes," but maybe somebody else, but I will say "Yes" anyhow.

Mr. HALLEY. Did you travel there alone or in the company of others to Saratoga? How did you get to Saratoga?

Mr. BARKER. On the train.

Mr. HALLEY. Did you go alone or with others?

Mr. BARKER. No; my wife went with me.

Mr. HALLEY. Who paid your carfare to Saratoga?

Mr. BARKER. Who paid it?

Mr. HALLEY. Yes.

Mr. BARKER. I paid it myself.

Mr. HALLEY. You paid your own fare to get there?

Mr. BARKER. Yes.

Mr. HALLEY. Where did you live there?

Mr. BARKER. I lived at the Red Sandal.

Mr. HALLEY. Who paid your rent there?

Mr. BARKER. I paid it.

Mr. HALLEY. What was your salary at Saratoga?

Mr. BARKER. Before I went there I told Mr. Goldfine that I mentioned the fact to him that I couldn't go up there and pay the expenses up there and my own expenses here, and when I got up there my first week's check was more than \$100.

Mr. HALLEY. What was it?

Mr. BARKER. \$250.

Mr. HALLEY. Who arranged that increase in salary?

Mr. BARKER. That I don't know.

Mr. HALLEY. You mean you went without any assurance that you would get more money?

Mr. BARKER. I went, took a chance.

Senator TOBEY. He knew Mr. Goldfine was a large-hearted man.

Mr. HALLEY. Mr. Goldfine wasn't the boss there?

Mr. BARKER. No.

Mr. HALLEY. With whom else did you have a conversation about your salary at Saratoga?

Mr. BARKER. Nobody.

Mr. HALLEY. You are under oath. You understand?

Mr. BARKER. I understand that.

Mr. HALLEY. You are now testifying that you did not discuss the salary you were to receive at the Arrowhead Inn, Saratoga, in 1947—please let me finish the question—with anybody except Mr. Goldfine?

Mr. BARKER. Before I went there.

Mr. HALLEY. Before you went there.

Mr. BARKER. Yes, sir.

Mr. HALLEY. After you got there with whom did you discuss it?

Mr. BARKER. I didn't discuss it with anybody. I thought I would wait and see what I got.

Mr. HALLEY. You had no discussions at all?

Mr. BARKER. Not at all.

Mr. HALLEY. How long did you work in Saratoga?

Mr. BARKER. I must have worked 4 weeks.

Mr. HALLEY. How many roulette wheels were there?

Mr. BARKER. Well, I think we had six.

Mr. HALLEY. Then you added one; is that right?

Mr. BARKER. And then I think when we might anticipate a big night, we added another.

Mr. HALLEY. Business must have been real flourishing.

Mr. BARKER. No.

Mr. HALLEY. If you had six wheels and added a seventh you must have had a lot of customers.

Mr. BARKER. On one night, maybe.

Mr. HALLEY. On one night?

Mr. BARKER. Yes.

Mr. HALLEY. You mean you brought a wheel in? Did you remove it again?

Mr. BARKER. Night after night there might not be three wheels going.

Mr. HALLEY. But you had seven on the premises?

Mr. BARKER. Yes; that is right.

Mr. HALLEY. You found it necessary to add the seventh?

Mr. BARKER. We added that anyway.

Mr. HALLEY. How many crap tables were there?

Mr. BARKER. Two; I think there were two.

Mr. HALLEY. What other gambling was there?

Mr. BARKER. We had for awhile what you call a big six wheel.

Mr. HALLEY. What is that?

Mr. BARKER. It is a wheel with numbers on it, where you put your money down.

Mr. HALLEY. A vertical wheel?

Mr. BARKER. And if your number comes up you get paid.

Mr. HALLEY. What other gambling was there?

Mr. BARKER. None.

Mr. HALLEY. The Arrowhead Inn was also a restaurant, was it not?

Mr. BARKER. Yes.

Mr. HALLEY. Was Andrew Bruno in charge of the restaurant?

Mr. BARKER. Bruno? No; I don't think he was there.

Mr. HALLEY. Who was in charge of the restaurant?

Mr. BARKER. That I don't know.

Mr. HALLEY. Who was in charge of the credit at the gambling?

Mr. BARKER. Kitty Klein.

Mr. HALLEY. Who was in charge of purchasing supplies, do you know?

Mr. BARKER. No.

Mr. HALLEY. Do you know of a David Hyde?

Mr. BARKER. Yes.

Mr. HALLEY. What was his job there?

Mr. BARKER. He wasn't there.

Mr. HALLEY. He was not there?

Mr. BARKER. No.

Mr. HALLEY. Was there also entertainment at the Arrowhead Inn? It was wide open to the public, is that right?

Mr. BARKER. Yes.

Mr. HALLEY. Did people have to give any special signal to get into the gambling room or was it just a part of the gambling room with the doors open?

Mr. BARKER. The doors were open, but they generally had a man there to keep out objectionable characters, people who were drinking or anything of that kind.

Mr. HALLEY. But anybody from the restaurant could wander into the gambling room, is that right?

Mr. BARKER. Yes.

Mr. HALLEY. Where did you work after you worked at the Arrowhead Inn in Saratoga?

Mr. BARKER. I came back to Lodi.

Mr. HALLEY. How long did you work at Lodi after you worked in Saratoga?

Mr. BARKER. We came back from Saratoga, which probably would be around the 1st of September, and I was there until the following March.

Mr. HALLEY. 1948?

Mr. BARKER. Yes.

Mr. HALLEY. March of 1948?

Mr. BARKER. Since that I haven't worked.

Mr. HALLEY. When you returned to Lodi were conditions about the same as you previously described them?

Mr. BARKER. Yes.

Mr. HALLEY. Have you ever worked at the Colonial Inn in Miami Beach?

Mr. BARKER. Years ago.

Mr. HALLEY. Under Ben Marden?

Mr. BARKER. Yes, sir.

Mr. HALLEY. Have you worked at any other gambling places at Miami?

Mr. BARKER. No, sir.

Mr. HALLEY. Or Miami Beach?

Mr. BARKER. No; I take that back. It is so long ago, it is 25 years ago.

Mr. HALLEY. You worked at Colonial Inn around 1939 or 1940, did you not?

Mr. BARKER. But you asked me if I ever worked there, and I said "No," in Miami Beach. I forgot that I worked there about 25 years ago out in a place called the Jungle Inn.

Mr. HALLEY. How did you get to and from the gambling house at Lodi?

Mr. BARKER. Well, some of the boys would pick me up.

Mr. HALLEY. And take you out in an automobile?

Mr. BARKER. Yes.

Mr. HALLEY. Who would pick you up?

Mr. BARKER. Well, perhaps the one that was most convenient. Sometimes Mr. Kesler would pick me up, sometimes Mr. Goldfine would pick me up, sometimes somebody else would pick me up.

Mr. HALLEY. Would they use a house car?

Mr. BARKER. No.

Mr. HALLEY. There were house cars, were there not?

Mr. BARKER. Yes; I believe so.

Mr. HALLEY. What were the house cars used for?

Mr. BARKER. I have to surmise about some of these things.

Mr. HALLEY. Please surmise.

Mr. BARKER. I imagine they were to bring customers in.

Mr. HALLEY. From New York?

Mr. BARKER. Probably they were.

Mr. HALLEY. There is no doubt about it, is there?

Mr. BARKER. I never had anything to do with any of that kind of thing.

Mr. HALLEY. Look, you have been in that business, you have testified, for very many years, I think you said 40.

Mr. BARKER. A little more, yes.

Mr. HALLEY. You had a very responsible job at Lodi and at Arrowhead. You must have known what was happening.

Mr. BARKER. Well, I am not very inquisitive. I don't go around asking people what they do or who they are. This is a business with me.

Mr. HALLEY. It is a business in which you must keep your eyes wide open.

Mr. BARKER. Yes; for what I am doing.

Mr. HALLEY. How did the players get there, in these house cars?

Mr. BARKER. I suppose lots of those players had their own cars. I don't know that.

Mr. HALLEY. But you also know; do you not?

Mr. BARKER. I wasn't on the door. I wasn't the doorman.

Mr. HALLEY. You know, do you not, that the house cars picked up some players in New York?

Mr. BARKER. I don't know that from my personal knowledge; no, sir.

Mr. HALLEY. You know it from your general observation.

Mr. BARKER. I know that they had some cars around there. What they did with them I don't know. They might have picked people up in New York, I don't know.

Mr. HALLEY. We will offer in evidence the remaining income tax returns and documents brought by the witness covering years 1947 and 1948. You already have before you the return for 1945.

Mr. BARKER. I had no returns for 2 years.

The CHAIRMAN. They will be filed in evidence and made appropriate exhibits to Mr. Barker's testimony.

(The documents referred to were identified as exhibit No. 6, and returned to the witness after analysis by the committee.)

Mr. HALLEY. Do you know Meyer Lansky?

Mr. BARKER. Yes, I know him.

Mr. HALLEY. What is your acquaintance with him?

Mr. BARKER. Casual

Mr. HALLEY. He was one of the bosses at the Arrowhead Inn; wasn't he?

Mr. BARKER. Not that I know of.

Mr. HALLEY. Did you see him at the Arrowhead Inn?

Mr. BARKER. No; I don't think I ever saw him.

Mr. HALLEY. You never saw him there?

Mr. BARKER. I don't think so.

Mr. HALLEY. Did you see him at Lodi?

Mr. BARKER. I think I have seen him there; yes, sir.

Mr. HALLEY. Did he have anything to do with the operation?

Mr. BARKER. Not that I know of.

Mr. HALLEY. Did you see him in any other places at which you worked?

Mr. BARKER. Any other places; no.

Mr. HALLEY. Did you see him at Colonial Inn in Florida?

Mr. BARKER. No, no; I don't think so.

Mr. HALLEY. Did you see him at Hasbrouck Heights?

Mr. BARKER. No; I don't think I ever saw him there.

Mr. HALLEY. Did you know a man named Stacher?

Mr. BARKER. No. I don't know him by that name. Maybe I know him. People have lots of names. I have only one.

Mr. HALLEY. No other questions.

Mr. BARKER. Is that all?

The CHAIRMAN. No, just a minute.

Mr. Kostelanetz?

Mr. KOSTELANETZ. No.

Senator TOBEY. I would like to ask you this question: This gambling, it is elementary to say, was illegal at Saratoga?

Mr. BARKER. I believe they have some kind of law in the State of New York. I don't know just what it comprises.

Senator TOBEY. Are roulette wheels and crap games legal in New York?

Mr. BARKER. Are they legal?

Senator TOBEY. Yes.

Mr. BARKER. I wouldn't think so because if there were there would be a good many places around.

Senator TOBEY. How did you account for the fact that the police authorities at Saratoga never raided this place, did they, where you were?

Mr. BARKER. Well, you are asking me something that I couldn't tell you because I don't know anything about the authorities and Saratoga.

Senator TOBEY. They never raided any of these places you have been in, have they?

Mr. BARKER. Well, I think I have read of a few raids at Saratoga.

Senator TOBEY. I mean when you were working at these places.

Mr. BARKER. No.

Senator TOBEY. Was protection in your judgment on the part of the owners and the police authorities?

Mr. BARKER. That I don't know.

Senator TOBEY. Did you ever wonder why they didn't come down like a ton of bricks on you and put you out of business?

Mr. BARKER. I never gave it a thought.

Senator TOBEY. I see. I would like to have that happy state of mind. It must be wonderful.

Mr. BARKER. It is maybe a little hard to convince you about this kind of business, but it is a very peculiar thing. You have to take a lot of things on their face value.

Senator TOBEY. Let me ask you, is there a group or a crew or an entourage, put it that way, of wheelmen and crapmen and credit men and men who operate these joints, who are a floating supply, and when they move from A to B, from B to C, they send the word around surreptitiously? Is there a group they call the faithful that they can call up at the wave of a hand and you are on the job, is that it?

Mr. BARKER. No. There are a lot of men who work in these places. Some are more competent than others. If you are trying to get a crew of men together, you try to get the most competent. You have a lot of things to consider, I suppose, whether the men drink, whether you can depend on them. I will say to you—you wonder why these things happen, so I will have to cite an instance. If you were en-

gaged in this business and you were in New York and the word got out, which gets out very fast, because that is their livelihood, you would have probably 100 letters and telegrams, and that is the way they know. If you ask me did I know such and such a man who was a wheel dealer, what about him, if I knew him or if I had ever had any connection with him, I would say he is A-1, all right. That is the way the information gets around.

Senator TOBEY. There is a pool or reservoir of good men to operate these places?

Mr. BARKER. Oh, yes.

Senator TOBEY. That are known as the faithful, so to speak, and they call them up when they need them; is that it?

Mr. BARKER. I suppose so; yes, certainly. They would naturally pick somebody that they knew, that they had had in their place, and they knew their reputations. They would probably send for him.

Senator TOBEY. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Barker, you were never raided at Lodi or Saratoga or anywhere in New Jersey?

Mr. BARKER. No.

The CHAIRMAN. How long has it been since you have been in a place that has been raided or where somebody has been arrested?

Mr. BARKER. Well, I was in a place they raided once, but I had nothing to do with it. They came in there.

The CHAIRMAN. How long ago was that?

Mr. BARKER. Maybe around 1915 or 1912.

The CHAIRMAN. 1912 or 1915?

Mr. BARKER. Yes.

The CHAIRMAN. Where is the last gambling place you operated in New York City?

Mr. BARKER. Here?

The CHAIRMAN. Yes.

Mr. BARKER. I haven't worked in here for a good many years.

The CHAIRMAN. How many years?

Mr. BARKER. I would say—I haven't worked in any gambling house in New York City but maybe 2 days to help somebody out.

The CHAIRMAN. How long ago has that been?

Mr. BARKER. That has been 15 or 20 years ago.

The CHAIRMAN. Where was that?

Mr. BARKER. I think it was on Eighty-third Street.

The CHAIRMAN. Do you know the address?

Mr. BARKER. No; I don't, because I was only there twice.

The CHAIRMAN. Do you know Patty Rock, the chief of police up at Saratoga?

Mr. BARKER. Patty Rock; yes, I know him.

The CHAIRMAN. How do you happen to know him? Where did you meet him?

Mr. BARKER. I used to go to Saratoga many years ago when Saratoga was Saratoga.

Senator TOBEY. What is it now?

Mr. BARKER. It is not much.

The CHAIRMAN. How long have you known Chief of Police Patty Rock?

Mr. BARKER. I will say this to you: That I wouldn't know Patty Rock if he came in here.

The CHAIRMAN. But do you know him?

Mr. BARKER. Well, I know who he was. He has been pointed out to me.

The CHAIRMAN. Do you know him to talk with him personally?

Mr. BARKER. I think I have talked to him.

The CHAIRMAN. Would he come in to the Arrowhead Club?

Mr. BARKER. No.

The CHAIRMAN. Did you ever see him in there?

Mr. BARKER. No.

The CHAIRMAN. Where would you see him when you talked with him?

Mr. BARKER. I tell you there is a place up there called the Worden House and almost everybody sits there sometime during the day. There is no place to go except up and down that Broadway. Somebody might mention the fact that he is Patty Rock. Probably I have spoken to him. Maybe he didn't speak to me. I might have spoke to him. But it wasn't anything pertaining to gambling.

The CHAIRMAN. Did you ever see Patty Rock at any club that you operated up there?

Mr. BARKER. No.

The CHAIRMAN. How many times have you operated in Saratoga?

Mr. BARKER. How many times?

The CHAIRMAN. How many years.

Mr. BARKER. I think I first went to Saratoga around maybe 1910 or 1911.

The CHAIRMAN. Since 1910 or 1911 you have been there off and on, off and on?

Mr. BARKER. Off and on.

The CHAIRMAN. Have you ever operated in Westchester County?

Mr. BARKER. No.

The CHAIRMAN. You never have?

Mr. BARKER. No.

The CHAIRMAN. Any further questions, gentlemen?

Senator TOBEY. Mr. Chairman, I would like to make an observation. Looking up on the wall is the picture of the late Chief Justice of our Supreme Court. When I was a young man, just married in the early part of this century, I heard him speak when he was Governor about the operation of the race track and gambling interests in New York City. He inspired me then and he inspired me in many ways, and I look on his face now and pay tribute to a great American and a great Governor and a great statesman now gone to his reward. I think it would do this committee good to look at his face and be fired with the same zeal for duty and hatred of sin that that man had in his soul.

Mr. BARKER. You asked about knowing people, who the bosses were. I worked for 2 years in Denver for a combination but I never came in contact with any of them.

Senator TOBEY. You are not supposed to be inquisitive. Yours is not to reason why, yours but to take the salary and deal the cards.

Mr. BARKER. As I told you, this is strictly a business. I had no interest in anybody else. There is only one interest I had in it, when they lay down the manila.

Senator TOBEY. It wasn't very much, \$100 a week.

Mr. BARKER. Well, I ain't getting it now.

It might help a little right now.

Senator TOBEY. Somebody probably will call you up in the next 2 or 3 days and say come out some place.

Mr. BARKER. Do you think they will?

Senator TOBEY. I think so, a man as good and experienced as you are.

Mr. BARKER. I tell you, I will give you an answer to that. If somebody called me up tomorrow and told me about some place I could go to work, I would hand it right back to him as long as this committee is in existence.

Senator TOBEY. Thank you for that compliment.

The CHAIRMAN. We appreciate that, Mr. Barker.

Mr. BARKER. I have told you anything that would help you.

The CHAIRMAN. All right, Mr. Barker, you haven't told us as much as we think you could tell us, but your information has been informative.

Mr. BARKER. I assure you, Senator, that I have told you all I really know. I cannot manufacture any stories.

The CHAIRMAN. We think you have been truthful about what you have said, but your memory is not as good as it might be.

Mr. BARKER. It might be. I am not so young.

The CHAIRMAN. Anyway, Mr. Barker, you will remain under subpoena, and if and when we need you we will call you.

Mr. BARKER. That is all right. About those——

The CHAIRMAN. We will see that they get back to you.

Mr. BARKER. That is all right because I will need them for my income-tax man.

The CHAIRMAN. They will be in good hands.

(Whereupon, at 12:45 p. m. the committee recessed until 2:15 p. m. the same day.)

AFTER RECESS

(The committee reconvened at 3:15 o'clock p. m.)

The CHAIRMAN. The committee will be in order.

Mr. Bernstein, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BERNSTEIN. I do.

TESTIMONY OF WILLIAM BERNSTEIN, NEW YORK, N. Y.

Mr. HALLEY. Your name is William Bernstein?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Where do you live?

Mr. BERNSTEIN. At the Essex House, 160 Central Park South.

Mr. HALLEY. What is your business?

Mr. BERNSTEIN. I am the secretary and treasurer of the Wilmark Services.

Mr. HALLEY. Wilmark——

Mr. BERNSTEIN. W-i-l-m-a-r-k, Service System.

Mr. HALLEY. In the year 1948 did you lose certain moneys gambling?

Mr. BERNSTEIN. I did.

Mr. HALLEY. Was the total of that \$19,700?

Mr. BERNSTEIN. I wouldn't say that was the total. It might have been in checks, but I took back some cash, maybe \$4,500 in cash.

Mr. HALLEY. Where did you lose this money?

Mr. BERNSTEIN. In a place over in Jersey.

Mr. HALLEY. Do you know where the place is?

Mr. BERNSTEIN. No. All I know is that I was taken in an automobile. I have been suffering with a cold. I was taken in an automobile over the bridge.

Mr. HALLEY. The George Washington Bridge?

Mr. BERNSTEIN. The George Washington Bridge. You ride for about three-quarters of an hour, and then there is a place where they have second-hand automobile cars, and they take you through a driveway into a dark spot. There was some man with a little service light that opens the door and lets you in. There was a party of five of us including my wife.

Mr. HALLEY. How did you arrange to go?

Mr. BERNSTEIN. While I was sitting in the lobby, to my sorrow, a fellow who is in the fur business said he heard of a gambling place over in Jersey where you can get a nice steak dinner free. They serve a wonderful meal, he said.

Mr. HALLEY. Who is this man?

Mr. BERNSTEIN. I knew him at the time. His name was Victor, in the fur business, a fellow who hung around the lobby.

Mr. HALLEY. Victor what?

Mr. BERNSTEIN. I don't know his last name. That was the name I knew him as, Victor.

Mr. HALLEY. Did he live in the Essex House?

Mr. BERNSTEIN. He lived at the Essex House.

Mr. HALLEY. Have you learned his name since?

Mr. BERNSTEIN. Yes. Now I know his name is Ceder, Victor Ceder. He suggested that we go over there. He said, "Do you want to go alone." I said to my wife, "Do you want to go over to a gambling place in Jersey?" I said, "We will lose a couple of hundred dollars and come back." Instead of losing a couple of hundred dollars we lost eight. I went over there two other times after that.

Mr. HALLEY. I see checks dated February 18, February 26, February 27, and March 10, 1948.

Mr. BERNSTEIN. Yes, sir.

Mr. HALLEY. Is that your recollection?

Mr. BERNSTEIN. It might be about that time.

Mr. HALLEY. Let me show you the checks.

Mr. BERNSTEIN. I appeared before the district attorney with these checks.

Mr. HALLEY. Are these your checks (handing checks to the witness)?

Mr. BERNSTEIN. That is correct, they are my checks.

Mr. HALLEY. What game did you play at this place?

Mr. BERNSTEIN. Dice. My wife might have played some roulette while I was playing dice.

Mr. HALLEY. Did Mr. Ceder introduce you?

Mr. BERNSTEIN. Mr. Ceder brought us over at the time.

Mr. HALLEY. How did you arrange transportation?

Mr. BERNSTEIN. He said there is a car that calls for you. He says he calls up a number and they send a car. In fact, he said he called up a number and the car was coming over, and do I want to go.

Mr. HALLEY. The car came right to the Essex House?

Mr. BERNSTEIN. To the Essex House; yes.

Mr. HALLEY. And picked you up there?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. There were two other people as well?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Do you know the other people?

Mr. BERNSTEIN. The live in the Essex House, too.

Mr. HALLEY. Who are they?

Mr. BERNSTEIN. A man by the name of Brickman and a man by the name of Glickman. One didn't play, and I think the other lost about \$100.

Mr. HALLEY. You went there on three occasions?

Mr. BERNSTEIN. As many occasions as that, because I came back with cash. After the way I got this money—for instance, is there a check for \$8,700?

Mr. HALLEY. The first check is \$8,700.

Mr. BERNSTEIN. What I did there, I gave them a check for \$8,700, but the other check was, when I gave them the check, I got some cash back with which I gambled some more.

Mr. HALLEY. May the record show that the first check is on the Chemical Bank & Trust Co., dated February 18, 1948, signed by Mr. Bernstein, endorsed on the back by James Lynch, and was deposited in the Merchants Bank of New York.

How much did you lose altogether on the four occasions?

Mr. BERNSTEIN. I will say all told maybe about \$14,000.

Mr. HALLEY. About \$14,000 on four occasions?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. Were there many people playing at this establishment?

Mr. BERNSTEIN. In this place?

Mr. HALLEY. Yes.

Mr. BERNSTEIN. I will say the nights I was there between 200 and 300.

Mr. HALLEY. How many crap tables were there?

Mr. BERNSTEIN. Two. The rest were playing roulette and then there was a chemin de fer game there.

Mr. HALLEY. Were there other large losers that you could see?

Mr. BERNSTEIN. Mr. Halley, I was trying to make points. I was sober. I went over there to get a free dinner. I wouldn't have gone over the second time if I didn't try to get back what I lost the first time.

Mr. HALLEY. And the third to get back what you lost the second time.

Mr. BERNSTEIN. I was just a damned fool for going over there just like everybody else was.

Mr. HALLEY. Was a lot of money being placed at the table?

Mr. BERNSTEIN. Yes; money was being played. There were three abreast at each crap game.

Mr. HALLEY. What were the stakes? What was the smallest bet?

MR. BERNSTEIN. The smallest bet I think was \$5, and the biggest bet, if I am right—I may be wrong on the smallest bet, but I know the biggest bet was \$200.

MR. HALLEY. On any one bet?

MR. BERNSTEIN. On any one number. You know what I mean. In other words, you could lay \$200 on each number, you see.

MR. HALLEY. You could put thousands down.

MR. BERNSTEIN. But you could bet only \$200 on the line, you see.

MR. HALLEY. Would you say that while you were there the average amount of money on the table during any one time was in excess of a thousand dollars?

MR. BERNSTEIN. Oh, more than that.

MR. HALLEY. More than \$5,000 on the table at a time?

MR. BERNSTEIN. I would say around \$2,000 at every play.

MR. HALLEY. With every play.

MR. BERNSTEIN. Easy. With three abreast and everybody fighting to get into the table.

MR. HALLEY. Fighting to put their money down.

MR. BERNSTEIN. Fighting to lose their money.

MR. HALLEY. Were you taken home again after you left this place?

MR. BERNSTEIN. They gave you a car.

MR. HALLEY. A card?

MR. BERNSTEIN. A car. You just say you want a car, and they give you a car in front of the door. As you come out this dark place, five of us jumped into a car and were taken back to the Essex.

MR. HALLEY. What games besides craps did you see playing there?

MR. BERNSTEIN. There was roulette and chemin de fer.

MR. HALLEY. Mrs. Bernstein played roulette, you think?

MR. BERNSTEIN. She played roulette; yes.

MR. HALLEY. Did she lose, too?

MR. BERNSTEIN. She lost about \$300 each night.

MR. HALLEY. Each of four nights?

MR. BERNSTEIN. Yes; and then she stood alongside of me rooting for me.

MR. HALLEY. I see. Did you get the free dinner?

MR. BERNSTEIN. Free dinner? By golly, it was the most expensive dinner I ever ate in my life. I just remarked what a sad affair it was that I had to stand at the settee at the hotel when this fellow came along and remarked about a crap game over in Jersey. It was my hard luck that I hadn't gone to a theater or had an appointment with somebody.

But it is one of those things that happens in a person's life, and I took it with a grain of salt and forgot about it.

MR. HALLEY. There was a restaurant?

MR. BERNSTEIN. A restaurant—as you walk in there is a big restaurant. Then you go under an arch into the gambling end of it.

MR. HALLEY. Was there any entertainment or just food?

MR. BERNSTEIN. Just food, but food. They give you steaks and steaks as a chaser and steaks and more steaks, and that thick. You never saw such an assortment of food in your life. But they don't charge anyone for their meals. Everything is free.

MR. HALLEY. The meal is free.

THE CHAIRMAN. How about drinks. Free drinks?

Mr. BERNSTEIN. All the drinks you want, but I don't drink, Senator.

Mr. HALLEY. Would you have any qualms about appearing publicly to testify about this?

Mr. BERNSTEIN. To appear and testify?

Mr. HALLEY. Yes.

Mr. BERNSTEIN. Well, Mr. Halley, I represent 23,000 corporations in the United States, and I don't want these corporations to know that I go in and gamble, and so forth and so on. You know what I mean. I happen to be one of the firm. I mean if I have to and it was going do you a lot of good and it meant a lot, I wouldn't hesitate. You know what I mean.

Mr. HALLEY. Thank you.

The CHAIRMAN. Mr. Bernstein, how much do you make a year?

Mr. BERNSTEIN. How much do I make a year?

The CHAIRMAN. Yes, just approximately.

Mr. BERNSTEIN. Last year, Senator, my salary was \$46,000.

The CHAIRMAN. Is that gross?

Mr. BERNSTEIN. No. That is before income tax.

The CHAIRMAN. That is what you paid a tax on.

Mr. BERNSTEIN. Yes. I paid a tax on \$46,000.

The CHAIRMAN. Is your home permanently here?

Mr. BERNSTEIN. Yes, my home is at the Essex House.

The CHAIRMAN. What kind of automobiles did they take you back and forth in?

Mr. BERNSTEIN. A closed car.

The CHAIRMAN. A Cadillac?

Mr. BERNSTEIN. I wouldn't know what the make of the car was.

The CHAIRMAN. A big black car?

Mr. BERNSTEIN. Yes. You know. Listen, I wish to God that you would stop all that gambling throughout the United States and if I could help you, I would be the first one to come to the front for you.

The CHAIRMAN. I know how you feel about it, Mr. Bernstein. Thank you very much for your cooperation.

Mr. BERNSTEIN. You are quite welcome, I assure you.

The CHAIRMAN. How are you, doctor? Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Dr. MORICI. Yes, sir.

TESTIMONY OF THEODORE MORICI, M. D., PASSAIC, N. J., ACCOMPANIED BY JOHN T. SULLIVAN, NEW YORK, N. Y.

Mr. KONSTELANETZ. Where do you practice medicine, doctor?

Dr. MORICI. Passaic, N. J.

Mr. KOSTELANETZ. How long have you been a doctor, sir?

Dr. MORICI. Twenty-five years.

Mr. KOSTELANETZ. Are you qualified in any particular specialty?

Dr. MORICI. Surgery.

Mr. KOSTELANETZ. Are you a diplomate in surgery?

Dr. MORICI. I am supposed to be a diplomate in surgery, yes.

Mr. KOSTELANETZ. Do you do any general practice at all, doctor?

Dr. MORICI. Very, very little.

Mr. KOSTELANETZ. Do you know a Mrs. Joseph Doto?

Dr. MORICI. Yes, sir.

Mr. KOSTELANETZ. How long have you known her?

Dr. MORICI. About 5 years.

Mr. KOSTELANETZ. How long has she been a patient of yours, doctor?

Dr. MORICI. She has been a patient of mine about 4 years.

Mr. KOSTELANETZ. Has she been visiting you regularly?

Dr. MORICI. Yes, sir.

Mr. KOSTELANETZ. Did you do the surgery in her case?

Dr. MORICI. Yes, sir.

Mr. KOSTELANETZ. How far is Passaic from your town, sir?

Dr. MORICI. Passaic from where?

Mr. KOSTELANETZ. Where your town is, from the town you live in.

Dr. MORICI. I live in Passaic.

Mr. KOSTELANETZ. I am very sorry. I withdraw that. How far is the town in which Mrs. Doto lives?

Dr. MORICI. About 10 miles.

Mr. KOSTELANETZ. Do you know Mr. William Moretti, Doctor?

Dr. MORICI. Yes, sir.

Mr. KOSTELANETZ. How long have you known him?

Dr. MORICI. About 15 years.

Mr. KOSTELANETZ. Is he a patient of yours?

Dr. MORICI. Yes, sir.

Mr. KOSTELANETZ. Have you treated him in your specialty?

Dr. MORICI. No. I have treated the family.

Mr. KOSTELANETZ. I see. Have you ever treated him before this time?

Dr. MORICI. Yes, sir.

Mr. KOSTELANETZ. How often would you say you have treated him?

Dr. MORICI. In what way do you mean, sir?

Mr. KOSTELANETZ. In your specialty?

Dr. MORICI. I never operated on him.

Mr. KOSTELANETZ. I am sorry, in any way, sir.

Dr. MORICI. In any way, well, since 1943. At that time I had to treat him because he was becoming mentally unbalanced and we had to send him to Midtown Hospital in New York for malaria treatment and heat treatment. Every year I gave him a course of certain kinds of injections for this condition, twice a year. In 1946 he got his first hemorrhage from the nose due to his hypertension, and on another occasion he got another one. This time it was about half past 12 or a quarter of 1 that I got a call from St. Mary's Hospital where they had rushed him with a severe nosebleed. I took care of him there and I admitted him to the hospital.

Mr. KOSTELANETZ. When did you see him last, sir?

Dr. MORICI. This morning.

Mr. KOSTELANETZ. How far is the community in which Mr. Moretti lives from your office?

Dr. MORICI. About 3 miles, 2 miles.

Mr. HALLEY. How soon do you think he will be able to appear to testify?

Dr. MORICI. In about 10 days or so.

Mr. HALLEY. Will he remain in the hospital all that time?

Dr. MORICI. He is going to stay in the hospital until Sunday.

Mr. HALLEY. Will he be available to testify Monday?

Dr. MORICI. I think so.

Mr. HALLEY. You think by Monday he will be able to testify? I think your letter stated his blood pressure was something like 200/110.

Dr. MORICI. That is right.

Mr. HALLEY. That is not unusually high; is it?

Dr. MORICI. No. Sometimes you have a blood pressure of 300 and don't get any trouble, but in certain people pressure is what we call relevant to that particular person. A blood pressure of 300 in me might not cause anything, and the pressure in him, where the brain is already soft anyway, would give trouble.

Mr. HALLEY. Is he a competent witness? Does he have his faculties?

Dr. MORICI. To a certain extent.

Mr. HALLEY. Could you elaborate on that answer?

Dr. MORICI. I think he knows what he is talking about.

Mr. HALLEY. Is his memory impaired?

Dr. MORICI. He repeats a great deal.

Mr. HALLEY. Does he recall things?

Dr. MORICI. He doesn't recall. Sometimes he says one thing and then later on he repeats the same thing in maybe little different words. Then he may elaborate on it. He is one of those fellows that has grandiose ideas.

Mr. HALLEY. I am sorry I didn't hear that.

Dr. MORICI. Grandiose ideas.

Mr. HALLEY. But he does recall things that happened in the past?

Dr. MORICI. Oh, yes, sir.

Mr. HALLEY. Would it be injurious to his health to appear today?

Dr. MORICI. Today, I don't think he should appear at all because he is very, very nervous. He wanted to come down and I forbade him.

Mr. HALLEY. Would he be able to appear tomorrow?

Dr. MORICI. No. I think he should stay in 1 week—in bed.

Mr. HALLEY. When did he go to bed?

Dr. MORICI. He went to bed at 1 o'clock Monday morning, that night. He went to the hospital Sunday night around 12 o'clock or half past 12, somewhere around there, and I got this call, and that is the time he went to bed.

Mr. HALLEY. He will remain in the hospital until Sunday; is that right?

Dr. MORICI. Until Sunday or Saturday.

Mr. HALLEY. On his leaving the hospital, you say he will be able to testify?

Dr. MORICI. On leaving the hospital, he ought to go home, but that is not my business. If his pressure is low enough, I will let him go. His pressure today is much better than it was.

Mr. HALLEY. And then he could testify?

Dr. MORICI. Yes, sir.

Mr. HALLEY. What is his blood pressure today?

Dr. MORICI. Today it is 170/105.

Mr. HALLEY. That is really quite reasonable for a man of his age; is it not?

Dr. MORICI. As I said before, if you have arterio-sclerosis, you never know when they are going to break.

Mr. HALLEY. With regard to your other patient, Mrs. Doto, how long has she been a patient of yours?

Dr. MORICI. About 4 years.

Mr. HALLEY. Do you know her husband, Joe Doto?

Dr. MORICI. Yes.

Mr. HALLEY. How long have you known him?

Dr. MORICI. About the same length of time.

Mr. HALLEY. Could you say through whose recommendation they came to you?

Dr. MORICI. Through Mr. Moretti.

Mr. HALLEY. Through Willie Moretti.

Dr. MORICI. That is right.

Mr. HALLEY. They are friends; is that right?

Dr. MORICI. That is right.

Mr. HALLEY. What is her condition at this time?

Dr. MORICI. Her condition at this time, you never know from one minute to another. She had two pulmonary embolisms—infarcts, we call them—one on the right and one on the left lung, and those are the most dangerous things you can have. I may be sitting here, and the minute I stand up I get one of those and they would carry me out forever. She still has fluid in her lungs. She still has swelling of her leg which the embolism originates from, and that might take anywhere from 3 months to 5 years before it is absorbed to normal, if it ever absorbs.

Mr. HALLEY. She goes about the house; does she not?

Dr. MORICI. Yes; she is allowed the house, but she is not supposed to be under any excitement.

Mr. HALLEY. How would excitement affect her?

Dr. MORICI. Excitement affects anybody that way. If she has excitement, she would start to breathe faster; her heart would beat faster, and it may be enlarged at any moment.

Mr. HALLEY. On the other hand, she does move around normally; is that right?

Dr. MORICI. She doesn't do anything; she just moves around. She goes to the bathroom. She goes downstairs in the yard and takes some sunshine, and that is all she does. She doesn't do a thing.

Mr. HALLEY. Does she attend to her regular household duties?

Dr. MORICI. She doesn't do that.

Mr. HALLEY. Who does?

Dr. MORICI. She has a day nurse and night nurse, and she has a lady who comes in to do the housework.

Mr. HALLEY. Is she at the present time under the care of nurses?

Dr. MORICI. Yes, sir.

Mr. HALLEY. How long has she been under the care of nurses?

Dr. MORICI. Since she got out of the hospital.

Mr. HALLEY. When was that?

Dr. MORICI. About July—5 weeks after June 3. That would be somewhere around July 4 or 5.

Mr. HALLEY. How long was she in the hospital?

Dr. MORICI. Five weeks.

Mr. HALLEY. Was she under your treatment in the hospital?

Dr. MORICI. Yes, sir.

Mr. HALLEY. You were directly in charge of her case.

Dr. MORICI. Yes, sir.

Mr. HALLEY. Have you supervised her treatment ever since?

Dr. MORICI. Pardon?

Mr. HALLEY. You have supervised her treatment ever since?

Dr. MORICI. Yes, sir.

Mr. HALLEY. You know that she has nurses in attendance at this time?

Dr. MORICI. I know what?

Mr. HALLEY. You know that she has nurses in attendance at this time?

Dr. MORICI. I know because I put them on.

Mr. HALLEY. They have been there ever since?

Dr. MORICI. That is right.

Mr. HALLEY. Is it your testimony that it would be injurious to her health to appear as a witness?

Dr. MORICI. Yes, sir.

Mr. HALLEY. Is it your testimony that it would be dangerous to her life to appear as a witness?

Dr. MORICI. Yes, sir.

Mr. HALLEY. Do you feel that she could appear here if there were no undue questioning and if she were asked some simple questions and could leave without running the risk of experiencing difficulties?

Dr. MORICI. She would run a risk by coming here. As a matter of fact, after Mr. Sullivan told me that I should come up here, I inquired of several doctors and explained the case to them, and they said that I would be crazy to let her go.

Mr. HALLEY. Who said that?

Dr. MORICI. Several doctors.

Mr. HALLEY. What are their names?

Dr. MORICI. Do you want specific names?

Mr. HALLEY. Please.

Dr. MORICI. Surely, I will give you names. I have asked Dr. Lotana and Dr. Costible.

Mr. HALLEY. When did you talk to them?

Dr. MORICI. When did I talk to them?

Mr. HALLEY. Yes, when.

Dr. MORICI. This morning.

Mr. HALLEY. Where are they located?

Dr. MORICI. They are located in Passaic.

Mr. HALLEY. Are they familiar with the case personally?

Dr. MORICI. I explained the case to them. As a matter of fact, I talked with different doctors on many occasions about that case to see if there was anything else that could be done with her.

Mr. HALLEY. When did you last see her husband?

Dr. MORICI. Her husband I haven't seen for quite a while.

Mr. HALLEY. How long?

Dr. MORICI. I don't know.

Mr. HALLEY. A year?

Dr. MORICI. I would say a year. I saw him several months ago. I saw him while she was at the hospital.

Mr. HALLEY. Do you know the names of the nurses who are on the case?

Dr. MORICI. Yes. One is Miss Lyons and the other one is Estelle—I don't know the last name.

Mr. HALLEY. Are they registered nurses?

Dr. MORICI. One is a registered nurse and the other one is not.

Mr. HALLEY. Are they nurses whom you obtained for her? Did you obtain these nurses for her? Did you arrange for their services?

Dr. MORICI. Yes, sir.

Mr. HALLEY. If this committee appoints a doctor to look into the matter, will you be willing to consult with him and show him your records?

Dr. MORICI. Certainly.

Mr. HALLEY. If he found it necessary to examine the patient, would that be possible?

Dr. MORICI. Positively.

Mr. HALLEY. That is, with reference to Mrs. Doto.

Dr. MORICI. That is right.

Mr. HALLEY. With reference to Moretti, you say he will be able to testify by Monday.

Dr. MORICI. Yes, sir.

Mr. HALLEY. That is all I have.

The CHAIRMAN. Are you the physician for all of the Moretti family?

Dr. MORICI. Yes, sir.

The CHAIRMAN. You are their family physician?

Dr. MORICI. That is right, sir.

The CHAIRMAN. How about all the Doto family?

Dr. MORICI. The Doto family, his immediate family.

The CHAIRMAN. You are the doctor for Mrs. Doto. How about Mr. Doto?

Dr. MORICI. Yes; I take care of him.

The CHAIRMAN. You are their regular family physician.

Dr. MORICI. That is right.

The CHAIRMAN. How far do you live from the Morettis?

Dr. MORICI. I answered that question before; about 3 miles.

The CHAIRMAN. And from the Dotos?

Dr. MORICI. About 15 minutes' ride from my office.

The CHAIRMAN. All right, Doctor. We thank you.

Mr. HALLEY. Thank you, sir.

The CHAIRMAN. Mr. Gale, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GALE. I do.

TESTIMONY OF JOSEPH T. GALE, NEW YORK, N. Y.

Mr. HALLEY. Your name is Joseph T. Gale?

Mr. GALE. That is right.

Mr. HALLEY. Where do you live?

Mr. GALE. 310 Riverside Drive, New York City.

Mr. HALLEY. What is your business?

Mr. GALE. Theatrical agency.

Mr. HALLEY. Did you lose a sum of money in gambling in the years 1947 and 1949?

Mr. GALE. I did.

Mr. HALLEY. Will you explain the circumstances to the committee?

Mr. GALE. I used to go out to a gambling house in Jersey.

Mr. HALLEY. Do you know the name of the establishment?

Mr. GALE. I don't think it has one.

Mr. HALLEY. How did you make the connection?

Mr. GALE. A friend of mine took me out there shortly after I came out of the service.

Mr. HALLEY. What is the name of the friend?

Mr. GALE. I don't remember.

Mr. HALLEY. Where did you meet this friend?

Mr. GALE. It must have been somebody I had known, but at the time—as you know, this is quite a number of years ago, and I never gave any importance to having remembered who brought me out there.

Mr. HALLEY. Where was this gambling establishment?

Mr. GALE. Somewhere in New Jersey.

Mr. HALLEY. What did it look like?

Mr. GALE. From the outside—I always went there at night—it looked like a big garage or barn or something of that sort from the outside.

Mr. HALLEY. You went across the George Washington Bridge?

Mr. GALE. That is right.

Mr. HALLEY. How far out after you crossed the bridge?

Mr. GALE. I would say somewhere around a 20-minute ride.

Mr. HALLEY. Did they have a restaurant?

Mr. GALE. That is right.

Mr. HALLEY. The food was free?

Mr. GALE. That is right.

Mr. HALLEY. Was it good food?

Mr. GALE. Excellent.

Mr. HALLEY. All you wanted of any kind?

Mr. GALE. That is right.

Mr. HALLEY. Including liquor?

Mr. GALE. That is right.

Mr. HALLEY. And no charge for either?

Mr. GALE. That is correct.

Mr. HALLEY. There were crap games and roulette and chemin-de-fer, is that correct?

Mr. GALE. That is correct.

Mr. HALLEY. At what game did you lose your money?

Mr. GALE. Chemin-de-fer.

Mr. HALLEY. You went out almost throughout the entire year of 1947, is that right?

Mr. GALE. That is correct.

Mr. HALLEY. Did you ever win?

Mr. GALE. Yes, sir.

Mr. HALLEY. Your checks for the period 1947 and 1948 totaled \$16,750. Would that represent a net loss?

Mr. GALE. No, sir.

Mr. HALLEY. How much would you say you lost over the period?

Mr. GALE. I would say probably four or five thousand. I never kept any exact figures on that.

Mr. HALLEY. Did you invariably play on a cash basis or did you have credit?

Mr. GALE. I always paid by check at the end of the evening.

Mr. HALLEY. Did you have chips?

Mr. GALE. Usually they advanced cash to me.

Mr. HALLEY. They advanced cash to you?

Mr. GALE. That is right.

Mr. HALLEY. At the end of the evening you provided a check to pay cash.

Mr. GALE. That is right.

Mr. HALLEY. I have here a number of checks drawn by you mainly on the Irving Trust Co.

Mr. GALE. Solely on the Irving Trust Co.

Mr. HALLEY. Are they solely on the Irving Trust?

Mr. GALE. That is right.

Mr. HALLEY. I notice they were drawn to cash. Were you told to draw them to cash?

Mr. GALE. I think so.

Mr. HALLEY. Many of them bear the signature of James Lynch. Do you know who James Lynch is?

Mr. GALE. No, sir.

Mr. HALLEY. Some bear the signature of A. Laytore. Do you know him; who he is?

Mr. GALE. No, sir.

Mr. HALLEY. All seem to have stamped on them "Max Stark, special." Do you know Max Stark?

Mr. GALE. No, sir.

Mr. HALLEY. They seem to have been put through the Merchants Bank of New York. Will you glance through the checks and state if they are your checks?

Mr. GALE. They are.

Mr. HALLEY. You have on a previous occasion examined them; is that right?

Mr. GALE. Yes, sir.

Mr. HALLEY. They total \$16,750.

How did you get transportation to and from this place? Was it provided by the house?

Mr. GALE. That is right. You would call a number and tell the operator where you wanted the car to pick you up.

Mr. HALLEY. Would you call a New York or New Jersey number?

Mr. GALE. It was a New Jersey number.

Mr. HALLEY. And the car would appear how long afterward?

Mr. GALE. Oh, anywhere from 15 minutes to half an hour.

Mr. HALLEY. When you were ready to leave, a car would take you home?

Mr. GALE. Or you called and told them when you wanted a car to come.

Mr. HALLEY. No other questions.

The CHAIRMAN. Mr. Gale, was all this gambling in just one place?

Mr. GALE. That is right, sir.

The CHAIRMAN. Or did you visit several places?

Mr. GALE. Just one.

The CHAIRMAN. How about Saratoga?

Mr. GALE. I have never been there to gamble.

The CHAIRMAN. You have never been there to gamble.

Mr. GALE. That is right, sir.

The CHAIRMAN. Did you get to know who the owners or operators of the place were?

Mr. GALE. No, sir.

The CHAIRMAN. You look like you are a high-salaried man.

Mr. GALE. I have been doing fairly well, sir.

The CHAIRMAN. What does your net income average a year?

Mr. GALE. I would say, since I came out of the service I have been probably averaging fifteen or twenty thousand a year.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. What is your business, Mr. Gale?

Mr. GALE. In the theatrical business, sir.

Senator TOBEY. Managerial?

Mr. GALE. Well, sort of a cross. We are basically a booking agency, but we service our clients. In other words, our clients are all under contract to us under an exclusive agency contract.

The CHAIRMAN. One question I forgot to ask you: Were a lot of people there? About how many people were there usually when you were there?

Mr. GALE. It would be hard to estimate the number of people, but the rooms were usually crowded. In other words, I imagine——

The CHAIRMAN. Would you say 100 or 200?

Mr. GALE. I would say at least 200.

The CHAIRMAN. That was the average crowd there?

Mr. GALE. I went there only on a Saturday night, so that is the only night that I could speak of.

Senator TOBEY. It may be too personal and if it is you need not answer, but what did you patronize there, cards or roulette?

Mr. GALE. The cards.

Senator TOBEY. What game did you play?

Mr. GALE. Chemin-de-fer.

Senator TOBEY. I see. Would you care to make a statement from your operations in playing cards or roulette, has it been profitable or not in the long run?

Mr. GALE. Oh, I lost.

Senator TOBEY. I was interested to know.

The CHAIRMAN. What is chemin-de-fer?

Mr. GALE. It is a card game. I think there are six decks of cards that are shuffled together and placed in a shoe, in a long box with a slot at the end from which one card at a time can be removed. The banker and the player each receive two cards apiece. The idea of the game is to learn who has cards totaling nine or closest to nine will win. The player is permitted one draw, in other words, one additional card, and so is the banker if he so desires. The first two cards are turned face down. The third card is turned face up. There are certain rules to the game. For example, if you have a 8 or 9 you are not permitted a draw. That is, you just turn your hand up and neither the banker nor the player can have an extra card. Whoever has the highest wins.

The CHAIRMAN. That is, nearest 9.

Mr. GALE. That is right.

The CHAIRMAN. But if you get over 9 you bust?

Mr. GALE. No, there is no such thing as bust. If you have a total of 17 in your cards, say a 9 and 8, you have 7.

The CHAIRMAN. All right. Anything else?

Mr. HALLEY. Just one question. Did you observe the general size of the pots in chemin-de-fer? The amount of money being spent?

Mr. GALE. The maximum that you could have in one pot was a thousand. In other words, you could not bet more than a thousand dollars.

Mr. HALLEY. On a three-card pot?

Mr. GALE. That is right.

Mr. HALLEY. How many chemin-de-fer dealers were there?

Mr. GALE. As a general rule, between 12 and 14 were at the table at one time, no more.

Mr. HALLEY. As a general rule, were there at the table sums of money at one time in excess of, say, \$5,000?

Mr. GALE. Oh, yes. On the table among all the players; oh, yes, definitely.

Mr. GALE. I mean actively in play.

Mr. GALE. When you say "actively in play," if you mean on the table, among all the players at the time; yes.

Mr. HALLEY. You say there would be \$5,000 or more actually in play at one time?

Mr. GALE. Oh, yes.

Mr. HALLEY. What would be the minimum bet?

Mr. GALE. \$20.

Mr. HALLEY. How many people generally were in the establishment when you were there?

Mr. GALE. As I said, I imagine at least 200.

Mr. HALLEY. Would you be willing even to guess the amount of money that crossed the table in a night?

Mr. GALE. No.

Mr. HALLEY. It must have been up near \$100,000.

Mr. GALE. I wouldn't even make a guess. I would say it would be a fantastically large amount.

Senator TOBEY. Was the game honestly conducted?

Mr. GALE. I should hope so.

Senator TOBEY. You have experienced it. Do you think it is honestly conducted?

Mr. GALE. As far as I know, I think it was.

Senator TOBEY. Where does the house make on it?

Mr. GALE. In the chemin-de-fer game, the house would cut 5 percent of all the winning bets.

Senator TOBEY. How did they happen in the first place to put you on the favored list of clients to give transportation?

Mr. GALE. I had gone out there some time, I imagine in the earlier part of 1946, and at that time I was introduced to one of the men out there. From that time on—

Senator TOBEY. I see. Do you know any of the men, the leaders there?

Mr. GALE. No, sir. There are only two of the men who I faintly remember, and that would be two of the credit men.

Senator TOBEY. Do they run on credit, too?

Mr. GALE. I imagine so, because after all I received credit, if only until the end of the evening. It would be a thousand or two thousand dollars. I was not considered a big player.

Senator TOBEY. What would happen if a man gave a rubber check for a thousand dollars?

Mr. GALE. That I don't know. I imagine things happen.

Senator TOBEY. I imagine that has happened, human nature being as it is. Do you know where they buried him?

Mr. GALE. No, I don't know.

Senator TOBEY. That is all I have.

The CHAIRMAN. All right, Mr. Gale. Thank you.

(Off the record.)

The CHAIRMAN. Mr. Haft, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. HAFT. I do.

TESTIMONY OF ISIDORE HAFT, NEW YORK, N. Y.

Mr. HALLEY. What is your full name?

Mr. HAFT. Isidore Haft.

Mr. HALLEY. What is your business?

Mr. HAFT. Dress business.

Mr. HALLEY. What is the address where you do your work?

Mr. HAFT. 36 Ellwood Street.

Mr. HALLEY. In Manhattan?

Mr. HAFT. That is in the heights.

Mr. HALLEY. Did you give checks for \$10,625 in 1947 and 1948 for gambling?

Mr. HAFT. Yes.

Mr. HALLEY. How did you happen to be introduced to this gambling place?

Mr. HAFT. Introduced?

Mr. HALLEY. Yes.

Mr. HAFT. Well, some friends took me over there.

Mr. HALLEY. Who was your friend, do you know his name?

Mr. HAFT. Some acquaintance. I couldn't tell you just the name. He used to call me up. They used to tell me there was a place there to play chemin-de-fer, or craps.

Mr. HALLEY. What did you play personally?

Mr. HAFT. Craps.

Mr. HALLEY. You played dice.

Mr. HAFT. Dice, that is right.

Mr. HALLEY. Was the place known to you as the Lodi place?

Mr. HAFT. There was everything there, roulette.

Mr. HALLEY. No, what was the name of the place where you went?

Mr. HAFT. I don't know the name.

Mr. HALLEY. You called the place Lodi, didn't you?

Mr. HAFT. No, they called me up and gave me a telephone number and whenever I wanted to go I should call up this number and they would send me a car.

Mr. HALLEY. Did you know it as Charlie's?

Mr. HAFT. No.

Mr. HALLEY. No name at all?

Mr. HAFT. No name at all. Just a telephone number.

Mr. HALLEY. Who gave you the telephone number?

Mr. HAFT. They would call me up and I took the telephone number down. Whenever I wanted a car I called up.

Mr. HALLEY. Do you remember the telephone number?

Mr. HAFT. There were so many different ones. Every now and then they gave me a different number.

Mr. HALLEY. How would you get back home again?

Mr. HAFT. By car.

Mr. HALLEY. They would give you a car?

Mr. HAFT. They would give a car; yes.

Mr. HALLEY. The car would bring you back to New York.

Mr. HAFT. Back home, yes.

Mr. HALLEY. You went on a great many occasions in 1947, did you not?

Mr. HAFT. Yes.

Mr. HALLEY. Did you lose a total of \$10,625?

Mr. HAFT. No, I didn't lose that all.

Mr. HALLEY. How much would you say you lost?

Mr. HAFT. Well, maybe a couple of hundred, probably seven or eight hundred, because I gave checks whenever I lost.

Mr. HALLEY. You gave checks for your losses, but your winnings you took home in cash.

Mr. HAFT. That is right.

Mr. HALLEY. Did you get free dinner there?

Mr. HAFT. Yes.

Mr. HALLEY. And drinks?

Mr. HAFT. That is right.

Mr. HALLEY. How many people were generally there when you were there?

Mr. HAFT. A lot of people.

Mr. HALLEY. A couple of hundred?

Mr. HAFT. A couple of hundred.

Mr. HALLEY. How many crap tables were there?

Mr. HAFT. I recollect something like two or three.

Mr. HALLEY. Was the meal that you got a good one?

Mr. HAFT. Well, anything you want.

Mr. HALLEY. Anything you wanted.

Mr. HAFT. That is right.

Mr. HALLEY. And all the liquor you wanted?

Mr. HAFT. That is right.

Mr. HALLEY. What was the smallest bet at the crap table?

Mr. HAFT. \$5.

Mr. HALLEY. And what was the limit?

Mr. HAFT. I think about \$300, I believe.

Mr. HALLEY. On any roll of the dice how much money would there be generally on the table? Would it be in the thousands?

Mr. HAFT. Well, I couldn't—sometimes there were two or three bettors, sometimes there were to capacity.

Mr. HALLEY. When the place was crowded would the table have a lot of money on it?

Mr. HAFT. Chips, no money.

Mr. HALLEY. Chips, but they were big chips, weren't they?

Mr. HAFT. There were \$5 chips, and \$25 chips, and \$100 chips, I think.

Mr. HALLEY. When the game was really going well and the dice were being played, there would be a few thousand dollars bet on the table constantly, wouldn't there?

Mr. HAFT. I suppose so.

Mr. HALLEY. Isn't that what you saw?

Mr. HAFT. I saw a lot of chips. I wouldn't count them.

Mr. HALLEY. You would see a lot of \$100 chips though.

Mr. HAFT. Sometimes I didn't see hundred dollar chips at all. Sometimes the fellows couldn't play with that sort of chips. They would play with fives and twenties.

Mr. HALLEY. Would you say, though, that a great deal of money was passed.

Mr. HAFT. Oh, sure.

Mr. HALLEY. A very, very great amount?

Mr. HAFT. It was quite a bit. Sometimes all of a sudden you would see it half empty. They would go away. They would win and go away, or they would go away broke.

The CHAIRMAN. These checks were all endorsed. The endorsement is James Lynch, Max Stark, special, T. B. Harms. Two checks A. Laytore.

Senator TOBEY. What bank did those go through?

Mr. HALLEY. These are all Merchants Bank here in New York City. They are not Pennsylvania.

Senator TOBEY. The Pennsylvania Exchange Bank is here in this city.

(Off the record.)

The CHAIRMAN. Any questions, Senator Tobey?

Senator TOBEY. You went there a good many times?

Mr. HAFT. Just as many times—

Senator TOBEY. You felt at home there?

Mr. HAFT. Practically, you know, to have a good time.

Senator TOBEY. They gave you a good greeting.

Mr. HAFT. Yes.

Senator TOBEY. Who gave the glad-hand mostly?

Mr. HAFT. We didn't see any—they didn't ask you anything over there about who you are or where you are or nothing.

Senator TOBEY. Did you talk with any of the men who run the place there, their leaders?

Mr. HAFT. Only when I gave the check to the man who gave me the chips, when I presented the check.

Senator TOBEY. What are the names of some of the men there?

Mr. HAFT. I don't recollect any of the names. Only one fellow that I gave the check.

Senator TOBEY. What was his name?

Mr. HAFT. I think his name was Milton.

Senator TOBEY. Milton what?

Mr. HAFT. I don't know his second name.

Senator TOBEY. It wasn't John Milton, was it?

Mr. HAFT. No, no.

Senator TOBEY. That is all I have.

Mr. HAFT. His first name was Milton. That is all I know.

The CHAIRMAN. All right, thank you, Mr. Haft. That is all.

Mr. Tausend, do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

TESTIMONY OF FRANCIS TAUSEND, NEW YORK CITY, N. Y.

Mr. HALLEY. Mr. Tausend, what is your address?

Mr. TAUSEND. 115 Central Park West.

Mr. HALLEY. What is your business?

Mr. TAUSEND. I am in the importing business.

Mr. HALLEY. With what company?

Mr. TAUSEND. With Felix Tausend & Sons.

Mr. HALLEY. Are you the principal in that business?

Mr. TAUSEND. One of them.

Mr. HALLEY. You are a partner?

Mr. TAUSEND. That is right, sir.

Mr. HALLEY. During 1947 and 1949 did you have occasion to draw a number of checks in connection with a gambling game in New Jersey?

Mr. TAUSEND. I did, sir.

Mr. HALLEY. How did you happen to learn about this gambling game?

Mr. TAUSEND. At one time I received a card with a phone number.

Senator TOBEY. What did the card say?

Mr. TAUSEND. In reference to dining room opening, or words to that effect. I knew it referred to that. With a separate card with a phone number on it. I called and they sent a car for me. We used to go over there.

Mr. HALLEY. Did any individual tell you about the place?

Mr. TAUSEND. No.

Mr. HALLEY. You must have heard it from somebody, did you not?

Mr. TAUSEND. Through the card.

Mr. HALLEY. Only through the card?

Mr. TAUSEND. Only through the card.

Senator TOBEY. How did you know what the card meant?

Mr. TAUSEND. I had an idea it was and I called and that is what it was and I went over.

Senator TOBEY. What did they say when you called?

Mr. TAUSEND. I asked about it, and they said yes, it was a casino and I went over. They received my name, I was interested to know, from a place that I used to go before because they were most of the same familiar faces from the same place.

Mr. HALLEY. Had you been to the other places in Jersey as well?

Mr. TAUSEND. That is where I think they received my name, from a place called the Riviera a year ago.

Mr. HALLEY. Ben Marden's place?

Mr. TAUSEND. That is right.

Mr. HALLEY. How much of the total amount, which I see is \$7,100 in checks you drew, would represent the net losses on your part?

Mr. TAUSEND. A lot of those checks represented checks that I cashed over there. They didn't exactly represent losses. There were times I did win. Other times those checks were cashed for friends of mine who did go over that I advanced the money who repaid me later on.

Mr. HALLEY. I see from May 1947 to January 10, 1948, there is a total of 11 checks, totalling \$7,100. Are you in a position to say how much you lost over that period?

Mr. TAUSEND. I believe I can. I think that in 1947 I figured that I lost roughly around \$800 personally.

Mr. HALLEY. And in 1948?

Mr. TAUSEND. In 1948 it was a little more than that, sir.

Mr. HALLEY. In 1948 you had only \$2,000 in checks. Would they represent mainly losses?

Mr. TAUSEND. That is what it is, because in 1948 I know I lost more than I did in 1947.

Mr. HALLEY. They provided the transportation back and forth?

Mr. TAUSEND. Yes, sir.

Mr. HALLEY. You would telephone and the car would come to your house?

Mr. TAUSEND. That is right.

Mr. HALLEY. When you were ready to leave they would provide a car back?

Mr. TAUSEND. That is right, sir.

Mr. HALLEY. How many people would be there at a time?

Mr. TAUSEND. I would be only guessing when I say maybe 150 or 200 people, something like that.

Mr. HALLEY. What game did you yourself play?

Mr. TAUSEND. I played mostly the roulette wheel.

Mr. HALLEY. What were the stakes at the roulette game?

Mr. TAUSEND. For the women I believe it was quarter chips, and for the men 50-cent chips or higher if you wanted to play higher.

Mr. HALLEY. Was there any maximum?

Mr. TAUSEND. I won't be able to answer that because I never went that high. I wouldn't know any maximum.

Mr. HALLEY. As a rule, how many people would be around the roulette tables? Could you guess?

Mr. TAUSEND. They had quite a few tables there, sir. At one table there might have been eight or nine, and maybe others standing behind them waiting for a color or something like that.

Mr. HALLEY. With each turn of the wheel how much money would there be bet, would you say generally speaking? I know it varies tremendously.

Mr. TAUSEND. I would be only guessing, sir.

Mr. HALLEY. Give your best recollection. You can probably visualize it. Were these wheels busy?

Mr. TAUSEND. Yes.

Mr. HALLEY. With money on almost every number.

Mr. TAUSEND. They were very active.

Mr. HALLEY. Of course there are 38 numbers on a roulette wheel in addition to the black and white, even and odd. If there was active play there could easily be a couple of hundred dollars on every turn of the wheel.

Senator TOBEY. Is this at Lodi?

Mr. HALLEY. This was at Lodi, was it not?

Mr. TAUSEND. We went over Washington Bridge in the direction of Paterson. I believe it was around 15 minutes from the other side of the bridge. Where Lodi is—mostly I have been there—I don't know. I wouldn't know if I was in Lodi, sir.

Mr. HALLEY. Did you ever have any qualms or worries about being there, obviously in the company of a lot of thugs?

Mr. TAUSEND. I never pictured it that way.

Mr. HALLEY. Suppose—did you ever visualize what you would do if you won \$25,000 and had to get home with it?

Mr. TAUSEND. I don't think that would ever happen to me. I mean I never was that steep of a gambler. I don't think I would ever have the chance of winning \$25,000.

Mr. HALLEY. Did you have any concern about the people who ran the place and the company you were in?

Mr. TAUSEND. At the time, no.

Mr. HALLEY. The patrons for the most part appeared to be very nice people, would you say?

Mr. TAUSEND. Definitely so.

Senator TOBEY. Had you been fortunate enough to win \$25,000, do you think you would have arrived home with it?

Mr. HALLEY. You live in the Majestic Apartments?

Mr. TAUSEND. That is right, sir.

Mr. HALLEY. Do you know Frank Costello?

Mr. TAUSEND. I have heard of him. I have seen him. I don't know him.

Mr. HALLEY. He lives in your building, doesn't he?

Mr. TAUSEND. I know he lives in the building.

Mr. HALLEY. It is a very large building; I know that.

Mr. TAUSEND. I think there are a couple hundred tenants.

Mr. HALLEY. You don't know him?

Mr. TAUSEND. No.

Mr. HALLEY. Who is David Harris, the payee of one of your checks?

Mr. TAUSEND. I don't know, sir.

Mr. HALLEY. Was he a friend to whom you made it out and then endorsed it over?

Mr. TAUSEND. No.

Mr. HALLEY. All of your checks appear to have been endorsed James Lynch. Do you know who he is?

Mr. TAUSEND. No.

Mr. HALLEY. And apparently then endorsed Max Stark, special. Do you know Max Stark?

Mr. TAUSEND. The only way—I don't know him, but he was pointed out to me when I was called for the hearing by the State.

Mr. HALLEY. On Max Stark?

Mr. TAUSEND. On Max Stark. That is the first time I ever saw him.

Mr. HALLEY. Your checks were all deposited in the Merchants Bank, is that right, in New York?

Mr. TAUSEND. I believe so.

Mr. HALLEY. If it so appears on their face, that would be your understanding, is that right?

Mr. TAUSEND. That is right, sir.

Mr. HALLEY. That is all.

The CHAIRMAN. Mr. Tausend, I was interested in your saying you think they got your name from the Riviera that you used to go to.

Mr. TAUSEND. That is my own idea, Senator, because the same people were the same players that were over there. I had an idea there was a list of them.

The CHAIRMAN. When was it you would go to the Riviera? How many years ago?

Mr. TAUSEND. That would be about 10 years ago or so.

The CHAIRMAN. But the same players and the same fellows in the gambling room were there that later on were over in this place in 1947?

Mr. TAUSEND. That is right.

The CHAIRMAN. What other places did you go to in New Jersey?

Mr. TAUSEND. I went to a place in—that was quite a few years ago now, and I am trying to recollect—South of Paterson.

The CHAIRMAN. When was that?

Mr. TAUSEND. That might have been in 1942 or so. I don't know.

The CHAIRMAN. Did you see the same people there that you saw at this place in 1947 and '48?

Mr. TAUSEND. No.

The CHAIRMAN. They were different?

Mr. TAUSEND. They were different.

The CHAIRMAN. Do you know Joe Adonis?

Mr. TAUSEND. No, sir.

The CHAIRMAN. Do you know Jerry Catena?

Mr. TAUSEND. No, sir.

The CHAIRMAN. Anthony Guarini?

Mr. TAUSEND. No, sir.

The CHAIRMAN. How about Saratoga? Did you ever play up there?

Mr. TAUSEND. Yes, once.

The CHAIRMAN. Where did you play there?

Mr. TAUSEND. There is a great big dining room.

The CHAIRMAN. Arrowhead Inn? Do they have a floor show and a restaurant?

Mr. TAUSEND. That is right, sir. I am not sure if it is Arrowhead Inn, but they did have a restaurant.

The CHAIRMAN. Did you see some of the same people there that you saw over here in New Jersey?

Mr. TAUSEND. No, sir.

The CHAIRMAN. When was it you were playing at Saratoga?

Mr. TAUSEND. Quite a few years ago.

The CHAIRMAN. Five years ago?

Mr. TAUSEND. Around five.

The CHAIRMAN. Was it wide open? Could you go in the restaurant and eat and then find out there was a gambling place in the back and go on in?

Mr. TAUSEND. Yes; walk right in, sure.

The CHAIRMAN. Could you walk right in the place over here in New Jersey?

Mr. TAUSEND. From the restaurant, but not walk right in to the restaurant; no, sir.

The CHAIRMAN. All right. Senator Tobey?

Senator TOBEY. You couldn't drive over there in your own car, could you?

Mr. TAUSEND. I never did, sir.

Senator TOBEY. None of the patrons do, do they? They had to be ferried over by the company's cars, didn't they?

Mr. TAUSEND. That is what I understood.

Senator TOBEY. So you couldn't go there again if you wanted to. You wouldn't know where it was, is that right? You couldn't find it?

Mr. TAUSEND. I wouldn't know where it was, no.

Senator TOBEY. Did you win or lose in the long run?

Mr. TAUSEND. I lost in the long run, sir.

Senator TOBEY. Did you feel the gambling was conducted fairly and that you got a fair deal?

Mr. TAUSEND. I did.

Senator TOBEY. You didn't know the names of any of the officials or head men there at all? It was entirely impersonal? You just

walked in and did your betting and didn't call anybody by name and they didn't call you by name.

Mr. TAUSEND. They called me by my initials, sir. Mr. "T."

Senator TOBEY. Is that the custom to call the different patrons by their initials?

Mr. TAUSEND. That is right.

Senator TOBEY. So they could say "Mr. CWT," and you would know that was you and me.

Mr. TAUSEND. That is right.

Senator TOBEY. That was done so people wouldn't know who the patrons were.

Mr. TAUSEND. I don't know what the idea was but I know that is the system they used.

Senator TOBEY. When you bet you gave them your check.

Mr. TAUSEND. Sometimes I did and other times I went in and I cashed a check ahead of time and gave some of the money to my wife and some to the friends who went along with me and they used it.

Senator TOBEY. That is all I have.

The CHAIRMAN. Thank you.

Mr. Arkin, will you hold up your hand. Do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. ARKIN. I do.

TESTIMONY OF JACK W. ARKIN, NEW YORK, N. Y.

Mr. KOSTELANETZ. Mr. Arkin, what is your full name and address?

Mr. ARKIN. Jack W. Arkin, 36 Central Park South.

Mr. KOSTELANETZ. What is your business address?

Mr. ARKIN. 137 West Forty-eighth Street.

Mr. KOSTELANETZ. What is your business, Mr. Arkin?

Mr. ARKIN. I am the booking agent for the Playhouse Theater. I book the shows in the Playhouse.

Senator TOBEY. That is movies?

Mr. ARKIN. No; legitimate theater.

Mr. KOSTELANETZ. How long have you been doing that kind of work?

Mr. ARKIN. For the last—since I returned from the Army in 1946.

Mr. KOSTELANETZ. Is Mr. Ben Marden one of the owners of that theater?

Mr. ARKIN. Yes.

The CHAIRMAN. What is the name of the theater?

Mr. KOSTELANETZ. Playhouse Theater, a legitimate theater in New York.

What percentage of ownership does Mr. Marden have?

Mr. ARKIN. That I don't know.

Mr. KOSTELANETZ. Is he the president of the corporation which owns the theater?

Mr. ARKIN. I don't think so. I don't know. I wouldn't know what office he held.

Mr. KOSTELANETZ. What is the name of the corporation?

Mr. ARKIN. Playhouse Enterprises, Inc.

Mr. KOSTELANETZ. How long have you known Mr. Marden?

Mr. ARKIN. About 25 years.

Mr. KOSTELANETZ. Have you had business relations with him outside of this Playhouse deal?

Mr. ARKIN. Yes.

Mr. KOSTELANETZ. What relations did you have with him?

Mr. ARKIN. Ben Marden's Riviera, from 1933 to 1942.

Mr. KOSTELANETZ. What was the nature of the relationship?

Mr. ARKIN. I worked for Ben Marden.

Mr. KOSTELANETZ. What did you do?

Mr. ARKIN. I was the maître d'hôte of Ben Marden's Riviera.

Mr. KOSTELANETZ. Specifically what did that amount to?

Mr. ARKIN. Well, I was in charge of the floor. In other words, I had charge of the cafe floor, in charge of the waiters, in charge of the service.

Mr. KOSTELANETZ. Then from 1942 to 1946 you were in the Army?

Mr. ARKIN. I was in the Army.

Mr. KOSTELANETZ. And now from 1946 on did you go back with Mr. Marden?

Mr. ARKIN. In the Playhouse Theater; yes.

Mr. KOSTELANETZ. That has been your sole occupation; is that right?

Mr. ARKIN. That is right, that has been it.

Mr. KOSTELANETZ. Now directing your attention to last summer, the summer of 1949, I should say, did you and Mr. Marden go to Europe?

Mr. ARKIN. I was over there in 1949.

Mr. KOSTELANETZ. On what boat did you go, sir?

Mr. ARKIN. We flew Air France.

Mr. KOSTELANETZ. Can you place the month?

Mr. ARKIN. April or May of 1949.

Mr. KOSTELANETZ. How many people were in your party?

Mr. ARKIN. Five.

Mr. KOSTELANETZ. All of you traveling together?

Mr. ARKIN. Yes.

Mr. KOSTELANETZ. Will you give us the names of those people?

Mr. ARKIN. Alfred McCosker, Robert Hernandez. The other was a Cuban, and was a friend of Bobbie Hernandez, whose name escapes me at the moment. He is Congressman in Habana. He is a Cuban Congressman.

The CHAIRMAN. That is just three.

Mr. ARKIN. Marden and myself.

The CHAIRMAN. I see.

Mr. KOSTELANETZ. Before you left the States were there any intimations or negotiations pending toward the prospect of purchase of an interest in the Monte Carlo Casino?

Mr. ARKIN. Do you mind giving me that again?

Mr. KOSTELANETZ. Before you left the States did you have any conversation with anyone on the subject of buying the Monte Carlo Casino?

Mr. ARKIN. No.

Mr. KOSTELANETZ. There did come a time in France when the subject of purchasing the casino came up, is that right?

Mr. ARKIN. That is right.

Mr. KOSTELANETZ. Will you tell us how it came up and who participated in the conversations, and give it to us as chronologically as you can.

The CHAIRMAN. Starting with about the date in France when this started.

Mr. ARKIN. The date would have been in the spring of 1949. Our mission and the purpose and reason for going over to Europe was to acquire a show or shows for the theater. While in Europe, a friend approached us, or it was a broker, I don't remember which—it was a friend of ours, an American living at the hotel in Paris. We then went to the South of France and met the principals of the Monte Carlo Casino.

Mr. KOSTELANETZ. You say a friend approached you. Who was that, sir?

Mr. ARKIN. I think it was a fellow by the name of Jack Van Allen.

Mr. KOSTELANETZ. Where did he live in France?

Mr. ARKIN. At the Ritz Hotel.

Mr. KOSTELANETZ. When you say he approached you, did he approach Mr. Marden?

Mr. ARKIN. Yes. I might not have been present the day or the moment that he talked with Marden, but I knew of it soon afterward. In other words, we all proceeded to the South of France where we met the manager of the Monte Carlo Casino.

Mr. KOSTELANETZ. You say to the South of France. Which city?

Mr. ARKIN. We went to Cannes.

Mr. KOSTELANETZ. Where did you stay in Cannes?

Mr. ARKIN. At the Carlton Hotel.

Mr. KOSTELANETZ. Which of the Monte Carlo people did you meet?

Mr. ARKIN. We met a Mr. Laroux. He is the manager or president of the corporation. I have forgotten which. I rather think the manager of the Monte Carlo Casino Corp.

Mr. KOSTELANETZ. Anybody else?

Mr. ARKIN. We met the lawyer for the corporation as well, sat in his office there at Monaco and chatted with him for maybe 15 or 20 minutes, which was the one and only time I ever met him.

Mr. KOSTELANETZ. Is the lawyer's name Caesar Salimito?

Mr. ARKIN. That is right, Salimito.

Mr. KOSTELANETZ. Anybody else representing the Monaco people?

Mr. ARKIN. Not to my recollection.

Mr. KOSTELANETZ. Will you give us the substance of those negotiations? What happened?

Mr. ARKIN. At that particular time the Monte Carlo Casino Corp. were interested in adding a new game to Europe, a crap game, an American crap game, and they had sent several of their dealers or men over here to this country to apprise themselves of how the game was run. It was just at that time that we were in Europe. The manager, this Mr. Laroux, was very anxious to have us join forces with them. That was the sum and substance of the whole thing, for us to join forces with them, particularly handling the American crap end of it, crap game. That was it.

Mr. KOSTELANETZ. Was there any more negotiation? These are the early conferences?

Mr. ARKIN. Yes.

Mr. KOSTELANETZ. Did the conferences take a turn later to some other kind of a deal?

Mr. ARKIN. Much conversation took place. Much entertaining took place, sure, and it continued on over a period of a month or two.

I think we went back a second time. We weren't particularly interested, or not seriously interested in this Monte Carlo deal, and the reason for that was that there was no deal. We at no time could figure out how we could participate in the Monte Carlo Corp.

Mr. KOSTELANETZ. Let me see if I can help you. Is it correct that the Monte Carlo Corp. was operating at a pretty bad loss, isn't that so?

Mr. ARKIN. That is right.

Mr. KOSTELANETZ. Partially because the large gamblers no longer came to Monte Carlo. There weren't many of them around.

Mr. ARKIN. That is right.

Mr. KOSTELANETZ. Partially because the Prince was exacting a pretty good royalty out of Monte Carlo.

Mr. ARKIN. Not to my knowledge. I don't think that is particularly true. This Prince had just come into power; his grandfather, the former Prince, had died, and he had just come in, the young Prince, the present Prince, had just come into power. I don't think he was exacting anything too great, or he hadn't been taking anything out of the corporation. That was our belief or our understanding at the time. He didn't have time. I think he had just become the Prince within a month or a week, something like that, of the time I speak of.

Mr. KOSTELANETZ. Did there come a time, however, when there were negotiations looking toward the purchase of the controlling interest in the casino?

Mr. ARKIN. Half-heartedly; yes.

Mr. KOSTELANETZ. Isn't it a fact that there was a bid made for the stock?

Mr. ARKIN. Not to my knowledge; no.

Mr. KOSTELANETZ. Does the sum of \$5,000,000 mean anything to you in relation to the purchase of the casino?

Mr. ARKIN. The sum of \$5,000,000 means a lot to me, but not with reference to that; no. Not even for the record, because it would be a lot of conversation and it is unimportant—

The CHAIRMAN. We think it is interesting, if not important. So go ahead and tell us about it, Mr. Arkin.

Mr. ARKIN. If you have time. We at no time—again I am repeating myself—were seriously interested because there was another group headed by a Parisian banker, I believe he was an Italian but he was a Parisian banker, and he had a group of them, among them a shipping magnate, a Greek, another party was an art connoisseur, from one of the well-known families of France. I say that because we had occasion to be entertained by them. They on the one hand were trying to acquire the stock of the Monte Carlo Casino Corp., while on the other hand the directors and officers of the then Monte Carlo Casino Corp. didn't want to get pushed out. It was to their best interest to stay in. The new prince, the young prince, was anxious to get American interests interested in Monte Carlo, but he had no stock, and this is or was a regular stock corporation, the same as we would have here in this country. If I remember correctly, there were some ninety-odd-thousand stockholders scattered all over the world. At a meeting of the banker and his group they had told us that they had acquired some fifteen or twenty thousand shares of the stock. I have forgotten exactly how many. They, too, were anxious to have us come with them, knowing that we were dealing with the prince and his party. While we never met the prince, we did meet this little lawyer, Salimito.

We finally left there feeling complimented that we had been invited into such a fantastic deal. It involved some seven big hotels in Monte Carlo, together with three casinos. They were beautiful, gorgeous casinos. So we felt flattered, I guess.

Senator TOBEY. What was the price?

Mr. ARKIN. There was no price on it, sir. We had never gotten to a price. We never talked price. This thing is controlled by a corporation. The one side wanted us to come in with them on a stock basis. As I said, they had 15,000 or 20,000 shares. They thought if we could acquire 15,000 or 20,000 shares and added to what they had, we might get control. That was the banking group. The other group that were in power at the time were offering us a management job. When I say management, to take over the crap end of it which they knew nothing about. So we were a bit flattered and complimented.

Mr. KOSTELANETZ. Let me ask you this, Mr. Arkin. Was there any program suggested by you people whereby you would take over the hotels and fly American tourists in under an arrangement where American tourists would pay about \$2 a day for bread and board at hotels and could patronize the casino?

Mr. ARKIN. I don't think we ever boiled it down to \$2 a day.

Mr. KOSTELANETZ. Or thereabouts.

Mr. ARKIN. Not even thereabouts. There certainly was no conversation on that score because that would have been ridiculous. We would have given a good customer board and bread, as you call it, for free rather than charge him \$2, so there would have been no such conversation. Sure, we talked of flying people in in the course of conversation with the managers or directors of the Monte Carlo Casino. It was all part of their asking us what we would do if we would run the American crap game. We said it would be to your best interests probably to fly Americans over. Certainly if they were in Europe we would fly them down to the south of France to Monte Carlo.

Mr. KOSTELANETZ. Did Mr. Marden participate in conversations with Monaco people in which you did not participate? In other words, was his knowledge greater than yours on this?

Mr. ARKIN. He did participate more than I because he did go over a second or third time, to my knowledge not particularly on the Monte Carlo deal, but while there he did further talk about it.

Mr. KOSTELANETZ. Where is Mr. Marden now?

Mr. ARKIN. He is in Habana, Cuba.

Mr. KOSTELANETZ. When is he returning?

Mr. ARKIN. He is due back, I think, next week.
(Off the record.)

Mr. KOSTELANETZ. By the way, could you state where you and Mr. Marden planned to get the money to go into this enterprise in the event anything were worked out?

Mr. ARKIN. Did we state what?

Mr. KOSTELANETZ. I say, can you tell us where you and Mr. Marden planned to get the money to go into this enterprise in case things worked out?

Mr. ARKIN. We weren't to need any money. There was no money that we were going to need to go in. They were anxious to have us come in there. We could have been on a percentage basis. It could have been on a management deal. We had never gotten to a point

where we talked money. There was no figure set on it. We didn't talk about that. We never got to that.

Senator TOBEY. Why did they want you with them?

Mr. ARKIN. Again, because Europe had—well, sir, if you are interested in listening to a long story, I will give it to you.

Senator TOBEY. I don't want you to make it a long story. Can't you give it to me in a few words?

Mr. ARKIN. No. This is something that took place over a period of a couple of months, just a lot of negotiations, a lot of parties, a lot of entertaining. They were very anxious, as I said, to interest American interests, and American people. Since the war or as a result of the war Monte Carlo became a tenth rate gambling place. There were no people there. You would see elderly people sitting around betting 1 franc at a time, which was 3 cents, or a third of a cent, rather, the last time I was over; 300 francs to the dollar. To the point where the Monte Carlo Casino wasn't making money. They were losing money. The new prince, who is a youngster, was anxious, and his only revenue is through the casinos there—he was anxious to build up some revenue. He was anxious to get some money. After the war the Americans flocked to Europe, so it was only natural that he would like to interest Americans. We happened to be there. He didn't come seeking us. He would have taken anybody. He would have invited you, sir, if you were there. Sure he would.

Senator TOBEY. He wouldn't have invited me.

Mr. ARKIN. It wouldn't make any difference to the Prince of Monaco. We never met him. It wouldn't have made any difference. They are looking for money. They will take it from Mr. Marshall. It doesn't make any difference who they take it from. We went down, and again I tell you, we were flattered with the offer. They were interested in the crap game. We were interested in the show. Our principal reason to go down at that time was to bring back a show, and we did. We brought back Edith Pieff, who has made quite a name for herself here. We brought her back and put her in the Playhouse Theater together with eight or nine French acts that we found in Europe. It was on that particular trip that we were invited to participate in the Monte Carlo deal, but we never made a deal. I don't think we spent \$4 in actual expense money on that deal.

Mr. KOSTELANETZ. You say Mr. Marden went back after that without you?

Mr. ARKIN. That is right.

Mr. KOSTELANETZ. And things may have happened of which you have no first-hand knowledge?

Mr. ARKIN. I have no first-hand knowledge of it.

Mr. KOSTELANETZ. I see.

The CHAIRMAN. Mr. Arkin, when was it that you were the manager of the cafe part of the Riviera?

Mr. ARKIN. From 1933 to 1942.

The CHAIRMAN. Did they have gambling there at that time?

Mr. ARKIN. They did.

The CHAIRMAN. What other restaurants or clubs did you ever handle for Mr. Marden?

Mr. ARKIN. That is the only one. I beg your pardon. Colonial Inn, in Florida, for one season.

The CHAIRMAN. What season was that?

Mr. ARKIN. That was 1939-40.

The CHAIRMAN. Who were Mr. Marden's partners in Colonial Inn? Jake and Meyer Lansky?

Mr. ARKIN. I don't think so.

The CHAIRMAN. Who were they?

Mr. ARKIN. I don't think he had any.

The CHAIRMAN. Who were his partners, if any, in the Riviera?

Mr. ARKIN. None, none that I know of.

The CHAIRMAN. Did he operate a place at Saratoga?

Mr. ARKIN. No.

The CHAIRMAN. How did he get protection over across the river at the Riviera? He was never raided that you know of?

Mr. ARKIN. He was closed from time to time or at different times; yes.

The CHAIRMAN. I know, but it operated wide open there so that anybody who came in to eat could go back and gamble.

Mr. ARKIN. No, it was not a wide open gambling casino. It was not a wide open casino.

The CHAIRMAN. There wasn't much difficulty getting in.

Mr. ARKIN. For those who were known probably not.

The CHAIRMAN. And the operation was fairly well known by anybody who really made inquiry; wasn't it?

Mr. ARKIN. It was well known; yes. I would say it was well known.

The CHAIRMAN. How did you get protection? Who did you pay off? What favors did you do for policemen?

Mr. ARKIN. I don't think any. I would say that we were in a small town there.

The CHAIRMAN. What was the town?

Mr. ARKIN. Coyetesville. It was a town of about, I would say, 12 or 15 hundred inhabitants. We were a big factor in that town. We had about 400 employees, something like that, operating a big cafe, with a lot of employees. As a result, we were called on to do many things for the inhabitants, the people of the town. We provided such things as benefits for the unemployed. We had most of our employees who came from the little town. They all worked for us, and were glad to have us.

The CHAIRMAN. Then your idea is that you were an asset to the town, so the mayor and the chief of police and the prosecuting attorney and the law-enforcement officers just didn't bother you. Is that your idea?

Mr. ARKIN. That would have been it, yes; definitely.

The CHAIRMAN. Who was the mayor at that time?

Mr. ARKIN. I can give you his first name, Louis something.

The CHAIRMAN. What is his first name?

Mr. ARKIN. Louis. He had a paint shop there; no, a flower shop. He was a florist. He was the mayor of the little town.

The CHAIRMAN. What year was this, do you say?

Mr. ARKIN. 1933.

The CHAIRMAN. Until when?

Mr. ARKIN. I don't think he was the mayor all the time.

The CHAIRMAN. I mean—

Mr. ARKIN. Until we closed it in 1942.

The CHAIRMAN. It burned during the interim, didn't it?

Mr. ARKIN. That was the old one. We built a new one.

The CHAIRMAN. Who was the district attorney over there or the State's attorney at that time?

Mr. ARKIN. I don't remember. I don't remember who the district attorney was. There were several during our regime. That would be the district attorney of the State? Is that what you are asking?

The CHAIRMAN. The county attorney.

Mr. ARKIN. I think Walter Winne is the present one. Then there was John Bresland. There was a Harry Harper, I think.

The CHAIRMAN. Was Mr. Winne the county prosecutor during the time of this operation?

Mr. ARKIN. I don't think so. I think he came later.

The CHAIRMAN. You closed out. Who did you sell out to?

Mr. ARKIN. We sold to Bill Miller, who presently has it, but we didn't sell it to him until 1946.

The CHAIRMAN. Who did you sell it to in 1942?

Mr. ARKIN. We closed it in 1942. We closed it for the duration of the war.

The CHAIRMAN. Then in 1946 you sold it to Miller?

Mr. ARKIN. That is right.

The CHAIRMAN. Did you operate this system of sending automobiles across to New York to bring people over?

Mr. ARKIN. No.

The CHAIRMAN. While you were there you didn't do that?

Mr. ARKIN. No. At that time we had an arrangement with the New York cab companies where they would bring the patrons over for a flat fee. I think the fee was \$1.50.

The CHAIRMAN. Did the patrons pay the fee?

Mr. ARKIN. Yes, they paid it. We paid all over that. In fact we didn't pay. That was supposedly the deal. We never had to pay. The cab companies those days were anxious and glad to have our type of business or any type of business. The cab business wasn't good those days. So a haul of \$1.50 was a pretty good haul for them.

The CHAIRMAN. You didn't have any automobiles to send for them?

Mr. ARKIN. No, we never owned automobiles. We had a little placard in each cab in New York announcing the fact that for \$1.50 they could ride to Ben Marden's Riviera from any part of Manhattan, Bronx, or Brooklyn.

The CHAIRMAN. Do you know whether Mr. Marden operated any place at Saratoga Springs?

Mr. ARKIN. I am sure he didn't. In the many years I have worked for him I would have known it.

The CHAIRMAN. What is his business now?

Mr. ARKIN. Marden is in the real-estate business. He owns and operates real estate. He is the head of some steel or copper company.

The CHAIRMAN. Anything else, Senator Tobey?

Senator TOBEY. Did this business operate in New Jersey?

Mr. ARKIN. Which?

Senator TOBEY. The Riviera.

Mr. ARKIN. That was in New Jersey.

Senator TOBEY. Just over the line here?

Mr. ARKIN. Just across the George Washington Bridge.

Senator TOBEY. It was illegal under the laws of New Jersey?

Mr. ARKIN. That I wouldn't know, Senator.

Senator TOBEY. You didn't know whether it was legal or not?

Mr. ARKIN. That was never my end, sir. I was a cafe man.

Senator TOBEY. But you worked for a concern, and you must have known whether it was in a legal or illegal business. You asked no questions. That didn't interest you at all?

Mr. ARKIN. I was on a salary and it didn't make much difference. I worked on the floor. I was in the cafe part where there was no gambling.

The CHAIRMAN. Anything else?

Mr. HALLEY. Did you own any part of the Riviera yourself?

Mr. ARKIN. No, I never did.

Mr. HALLEY. Thank you.

The CHAIRMAN. That is all, thank you, sir. If we need you for anything else we will call you and you remain under subpoena, Mr. Arkin.

Mr. ARKIN. The same subpoena, Senator, holds good, does it?

The CHAIRMAN. All right. You brought some records and books there.

Mr. ARKIN. I planned to bring my lunch and I was going to bring it in here but I didn't do it. I got some papers here that belong to another corporation. If I want to get out of town for a little holiday——

The CHAIRMAN. Will you keep in touch with Mr. Kostelanetz.

Mr. ARKIN. Thank you a lot.

(Off the record.)

The CHAIRMAN. Mrs. Catena, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. CATENA. I do.

**TESTIMONY OF MRS. KATHERINE CATENA, SOUTH ORANGE, N. J.,
ACCOMPANIED BY ANTHONY CALANDRA, NEWARK, N. J.**

The CHAIRMAN. What is your name, sir?

Mr. CALANDRA. Anthony Calandra, Newark, N. J.

Mr. HALLEY. What is your full name?

Mrs. CATENA. Mrs. Katherine Catena.

Mr. HALLEY. You are married to Gerald Catena?

Mrs. CATENA. Yes.

Mr. HALLEY. What is your address?

Mrs. CATENA. 21 Overhill Road, South Orange.

Mr. HALLEY. How long have you been married?

Mrs. CATENA. Next month 14 years.

Mr. HALLEY. When did you last see your husband, Mrs. Catena?

Mrs. CATENA. On the 25th of September.

Mr. HALLEY. Do you know where he is now?

Mrs. CATENA. No.

Mr. HALLEY. Does he habitually leave home for long periods?

Mrs. CATENA. No.

Mr. HALLEY. Under what circumstances did he leave on September 25?

Mrs. CATENA. A business trip.

Mr. HALLEY. Did he tell you he was going on a business trip?

Mrs. CATENA. That is right.

Mr. HALLEY. He did not tell you where he was going?

Mrs. CATENA. No. He said he would call.

Mr. HALLEY. Has he called?

Mrs. CATENA. No.

Mr. HALLEY. Is it your testimony that you have not heard from him in any way at all since September 25?

Mrs. CATENA. Yes.

Mr. HALLEY. You have received no telephone call?

Mrs. CATENA. No.

Mr. HALLEY. No mail?

Mrs. CATENA. No mail.

Mr. HALLEY. No messages of any kind through anybody else?

Mrs. CATENA. No, no messages.

Mr. HALLEY. Did he have word to your knowledge that this committee was trying to serve a subpoena on him before he left?

Mrs. CATENA. Yes.

Mr. HALLEY. And he decided to get out of town? Is that what happened?

Mrs. CATENA. I don't know. He just told me he was going on a business trip.

Mr. HALLEY. Who told him that we were trying to serve him?

Mrs. CATENA. I did.

Mr. HALLEY. How did you find out?

Mrs. CATENA. Mr. Elich.

Mr. HALLEY. Mr. Elich came to your house?

Mrs. CATENA. Yes.

Mr. HALLEY. And said he wanted to serve a subpoena?

Mrs. CATENA. Yes.

Mr. HALLEY. Where was your husband at that time?

Mrs. CATENA. He wasn't home at that time. He was away, too.

Mr. HALLEY. What time of the day was it, Mrs. Catena?

Mrs. CATENA. I think it was around 12 or 1 o'clock. I don't know for sure, but it was in the early part of the day around 12 noon or 1 o'clock. I don't know, some time like that.

Mr. HALLEY. Did you phone your husband at that time?

Mrs. CATENA. No.

Mr. HALLEY. How did you get in touch with him?

Mrs. CATENA. I had seen him. He had come home. We went on a trip. I was sick. I had a hay-fever condition and a cold when we were away. We came back on the 23d, which was a Saturday. On the 25th he left, and I haven't seen him since then.

Mr. HALLEY. It was on the 25th Mr. Elich came, is that right?

Mrs. CATENA. No. He came before and after.

Mr. HALLEY. Did he come before the 23d of September?

Mrs. CATENA. Yes; he did.

Mr. HALLEY. Before you and your husband left on the trip, is that right?

Mrs. CATENA. Yes.

Mr. HALLEY. How long were you away when you went with your husband?

Mrs. CATENA. About 9 days.

Mr. HALLEY. Where did you go?

Mrs. CATENA. We went up to New Hampshire.

Mr. HALLEY. Where?

Mrs. CATENA. New Hampshire.

Mr. HALLEY. What part?

Mrs. CATENA. To Corbin Lodge.

Mr. HALLEY. What part?

Mrs. CATENA. Crawford House.

Mr. HALLEY. You went by automobile?

Mrs. CATENA. Yes.

Mr. HALLEY. Before you left on that trip had Mr. Elich come to the house and tried to serve a subpoena?

Mrs. CATENA. Mr. Elich came before Labor Day week end. He had come to the house a few times. He had left me two phone numbers. He instructed me to give them to my husband and tell him to get in touch with him, and I did. I thought my husband got in touch with him, because I had asked him and he said he would take care of it.

Mr. HALLEY. You told him that Mr. Elich was looking for him and trying to serve a subpoena on him, is that right?

Mrs. CATENA. Yes, I did.

Mr. HALLEY. Your husband just said he would take care of it, is that right?

Mrs. CATENA. That is right.

Mr. HALLEY. Did you see Mr. Elich again after the first visit before you went to New Hampshire?

Mrs. CATENA. No.

Mr. HALLEY. Then you came back—are you sure of that?

Mrs. CATENA. Yes, I think so.

Mr. HALLEY. You came back from New Hampshire September 25?

Mrs. CATENA. Yes.

Mr. HALLEY. On a Saturday?

Mrs. CATENA. Yes.

Mr. HALLEY. And on Monday Mr. Elich came back again, is that correct?

Mrs. CATENA. I don't know if it was Monday. No, it was Tuesday that he came back.

Mr. HALLEY. Tuesday.

Mrs. CATENA. I don't know if it was Tuesday, but he came back after then. I don't know exactly what day it was.

Mr. HALLEY. At this time your husband was still home, is that correct?

Mrs. CATENA. No. He had left that Monday.

Mr. HALLEY. He had left that Monday on another trip?

Mrs. CATENA. No. That was the trip he had left, the business trip that he left on was on that Monday.

Mr. HALLEY. Before Mr. Elich came back?

Mrs. CATENA. That is right, before he came back the second time.

Mr. HALLEY. You have no idea where he went?

Mrs. CATENA. No. He said he would get in touch with me, and he hasn't.

Mr. HALLEY. He hasn't yet?

Mrs. CATENA. Not as yet.

Mr. HALLEY. Has that ever happened before in your married life?

Mrs. CATENA. No. I mean he goes away, you know, on trips once in a while, but no—

Mr. HALLEY. You hear from him generally.

Mrs. CATENA. Yes.

Mr. HALLEY. If it were not for the fact that you know why he is away you would be quite worried at this point?

Mrs. CATENA. I am worried, very much worried about him.

Senator TOBEY. Have you children?

Mrs. CATENA. I have five children.

Senator TOBEY. Five children. All living at home?

Mrs. CATENA. Yes.

Senator TOBEY. Suppose an accident happened to one of those little children, a tragic accident, how would you get word to your husband?

Mrs. CATENA. I couldn't get word to him. I would have to take care of it myself until I hear from him.

Mr. HALLEY. Did he leave you funds? Do you have money?

Mrs. CATENA. Yes.

Mr. HALLEY. What did he leave, cash?

Mrs. CATENA. No. I have checks and I put them in the bank and I write out checks.

Mr. HALLEY. In what bank do you have a checking account?

Mrs. CATENA. It is the South Orange Trust Co.

Mr. HALLEY. Do you also have any cash about the house?

Mrs. CATENA. No. I draw cash out of the bank every week.

Mr. HALLEY. You don't keep cash in the house?

Mrs. CATENA. I put checks in and I draw out some cash.

Mr. HALLEY. You don't have a box or something like that with cash in the house?

Mrs. CATENA. No.

Mr. HALLEY. Does your husband?

Mrs. CATENA. No, not to my knowledge.

Mr. HALLEY. Your husband has certain business interests, has he not?

Mrs. CATENA. I imagine he does. I don't know anything about it.

Mr. HALLEY. Have you ever heard of the People's Express Co.?

Mrs. CATENA. Yes, People's Express and Cool Vent Awning.

Mr. HALLEY. The Cool Vent Awning Co.

Mrs. CATENA. Yes, because I get checks from those.

Mr. HALLEY. Does he have an interest in the Marcel Co.?

Mrs. CATENA. I don't know anything about it if he does.

Mr. HALLEY. You don't know what that is?

Mrs. CATENA. No, I don't.

Mr. HALLEY. Do you know what the Marcel Manufacturing Co. is?

Mrs. CATENA. Marcel, oh, yes; he did have an interest in that before he went into People's Express.

Mr. HALLEY. He gave up the Marcel?

Mrs. CATENA. Yes, he sold out.

Mr. HALLEY. What other business has he got?

Mrs. CATENA. That is all that I know.

Mr. HALLEY. What is Cocuzza & Catena? You don't know anything about that?

Mrs. CATENA. No.

Mr. HALLEY. Who takes care of your husband's business at this time?

Mrs. CATENA. We have partners.

Mr. HALLEY. The People's Express?

Mrs. CATENA. Yes.

Mr. HALLEY. Who is that?

Mrs. CATENA. Mr. Dameo.

Mr. HALLEY. Mr. Dameo takes care of the business?

Mrs. CATENA. Dameo takes care of it. My husband takes care of it too.

Mr. HALLEY. Have you any idea what kind of business your husband might be away on?

Mrs. CATENA. I don't understand you.

Mr. HALLEY. Have you any idea the nature of your husband's business?

Mrs. CATENA. Which, the People's Express?

Mr. HALLEY. No, the business that he is supposed to be attending to on this trip.

Mrs. CATENA. No; I have no idea of it at all. He didn't say.

Mr. HALLEY. Have you ever heard of the L. & C. Amusement Co.?

Mrs. CATENA. No.

Mr. HALLEY. Did you know that your husband had any connection with any gambling business?

Mrs. CATENA. No; not to my knowledge.

Mr. HALLEY. Have you never heard that?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Mr. Willie Moretti?

Mrs. CATENA. Yes; I know Mr. Moretti.

Mr. HALLEY. How long have you known Mr. Moretti?

Mrs. CATENA. Since I married.

Mr. HALLEY. Did you know him before that?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Salvatore Moretti?

Mrs. CATENA. Yes.

Mr. HALLEY. How long have you known him?

Mrs. CATENA. Since I married.

Mr. HALLEY. Has your husband been in business with Salvatore Moretti?

Mrs. CATENA. Not to my knowledge.

Mr. HALLEY. You don't know anything about that?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Mr. Zwillman?

Mrs. CATENA. Yes, I do.

Mr. HALLEY. How long have you known him?

Mrs. CATENA. Since I married.

Mr. HALLEY. Is he a friend of your husband's?

Mrs. CATENA. Yes.

Mr. HALLEY. Has Mr. Zwillman been in your home?

Mrs. CATENA. Occasionally, yes.

Mr. HALLEY. Recently?

Mrs. CATENA. No; not recently.

Mr. HALLEY. When would you say would be the last time?

Mrs. CATENA. It must have been about 6 months or so.

Mr. HALLEY. How often does he come, two or three times a year?

Mrs. CATENA. On the average, a few times a year.

Mr. HALLEY. When he comes, is he alone or does he come with others?

Mrs. CATENA. With his wife, a social visit.

Mr. HALLEY. For a social visit.

Mrs. CATENA. For a social visit; yes.

Mr. HALLEY. Do you know Joe Doto?

Mrs. CATENA. Yes.

Mr. HALLEY. Do you know Mrs. Doto?

Mrs. CATENA. Yes.

Mr. HALLEY. How long have you known them?

Mrs. CATENA. Since I married.

Mr. HALLEY. You met all these people through your husband; is that right?

Mrs. CATENA. That is right.

Mr. HALLEY. They are your husband's friends.

Mrs. CATENA. That is right.

Mr. HALLEY. Do you know Frank Costello?

Mrs. CATENA. Yes; I met Mr. Costello, too.

Mr. HALLEY. Does he come to you home, too?

Mrs. CATENA. No.

Mr. HALLEY. Have you been to his home?

Mrs. CATENA. Not recently. No. Yes; I think I was to his home once.

Mr. HALLEY. Which one of his homes?

Mrs. CATENA. Out on Long Island? I was out there one time on a visit.

Mr. HALLEY. How long ago?

Mrs. CATENA. It must have been 5 years ago—3, 4, or 5 years. I don't know exactly, but I was there just that one time.

Mr. HALLEY. He has never been to your home?

Mrs. CATENA. Yes; he has been to my home.

Mr. HALLEY. Frank Costello has?

Mrs. CATENA. Yes.

Mr. HALLEY. When was the last time?

Mrs. CATENA. Oh, let me see now. He was in my home when I lived in East Orange. That must have been about 6 or 7 years ago.

Mr. HALLEY. Has he been to your home since then?

Mrs. CATENA. Not since then.

Mr. HALLEY. Who else was there at the time Frank Costello came?

Mrs. CATENA. His wife came along, and a few other friends. We were having a little party.

Mr. HALLEY. Were you at the wedding that Willie Moretti had for his daughter a couple of years ago?

Mrs. CATENA. Yes; I was.

Mr. HALLEY. Tell us some of the other guests; would you?

Mrs. CATENA. Almost every one that you mentioned was there.

Mr. HALLEY. Was Frank Lavorsi there?

Mrs. CATENA. I don't know Frank Lavorsi. There are a lot of people I don't know their names. I may have seen them, but don't know their names.

Mr. HALLEY. Was Bill Giglio there?

Mrs. CATENA. I don't know.

Mr. HALLEY. You don't know either of them?

Mrs. CATENA. No. Maybe I may know them if I see their face, but I don't know them by name, no.

Mr. HALLEY. Do you know Frank Erickson?

Mrs. CATENA. I have seen him, but I don't know him.

Mr. HALLEY. Where have you seen him?

Mrs. CATENA. I saw him around one of the, you know, in New York. One night we were out, and I was introduced and I said "Hello," but I don't know him other than that.

Mr. HALLEY. Did you meet him at a restaurant?

Mrs. CATENA. Yes.

Mr. HALLEY. Which one?

Mrs. CATENA. Well, I don't know. It could have been either Moore's or Shaw's, or Gallagher's, or any one of those places. I don't know which one offhand.

Mr. HALLEY. Do you know Vincent Profaci?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Longano?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Tony Gizzo?

Mrs. CATENA. No.

Mr. HALLEY. You never met him?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Rocco Fischetti?

Mrs. CATENA. No.

Mr. HALLEY. Have you ever heard of him?

Mrs. CATENA. Yes; I have.

Mr. HALLEY. You have never met him?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Anthony Guarini?

Mrs. CATENA. No.

Mr. HALLEY. Tony Guarini?

Mrs. CATENA. No.

Mr. HALLEY. Do you know James Rutkin?

Mrs. CATENA. Yes.

Mr. HALLEY. How long have you known him?

Mrs. CATENA. Since I married. I met him around that time.

Mr. HALLEY. Is he a friend of your husband's?

Mrs. CATENA. Well, on occasions, you know, I guess he is a friend; I don't know.

Mr. HALLEY. Do you know whether your husband has ever been in business with him?

Mrs. CATENA. Not to my knowledge; no.

Mr. HALLEY. Do you know Arthur Longano?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Jimmie Lynch?

Mrs. CATENA. Yes.

Mr. HALLEY. How long have you known him?

Mrs. CATENA. Oh, a couple of years, since I married. I met most of these people through marriage. I don't know just when.

Mr. HALLEY. Did you ever go to a place at Lodi where they had a restaurant and gambling casino?

Mrs. CATENA. No.

Mr. HALLEY. And you would see people gambling?

Mrs. CATENA. No.

Mr. HALLEY. Have you ever been to any of these gambling places in New Jersey?

Mrs. CATENA. No.

Mr. HALLEY. You have heard of them I suppose?

Mrs. CATENA. No.

Mr. HALLEY. You know that there are such places, don't you?

Mrs. CATENA. I hear rumors, but I don't know anything about them; no.

Mr. HALLEY. Did you ever go to the Riviera?

Mrs. CATENA. Yes; the Riviera I have been to many times.

Mrs. HALLEY. Did you go there before the war?

Mrs. CATENA. Yes; I was there, I think. I was there many times at the Riviera.

Mr. HALLEY. Were you ever in the gambling rooms in the Riviera?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Tony Accardo?

Mrs. CATENA. No. The name sounds familiar, but I don't know him.

Mr. HALLEY. Do you know John Rosselli?

Mrs. CATENA. No.

Mr. HALLEY. Or Jack Dragna?

Mrs. CATENA. No.

Mr. HALLEY. Do you and your husband go to Florida in the winter-time?

Mrs. CATENA. Yes; I have been to Florida.

Mr. HALLEY. What is the last year you went to Florida?

Mrs. CATENA. Last winter.

Mr. HALLEY. Where did you stay?

Mrs. CATENA. We had a house. I rented a house.

Mr. HALLEY. Where was the house?

Mrs. CATENA. On College Avenue and Eighty-seventh or Eighty-ninth Street.

Mr. HALLEY. Did your husband have any business there?

Mrs. CATENA. No.

Mr. HALLEY. Just vacation?

Mrs. CATENA. Yes. I had the children. He came down two or three times during the season.

Mr. HALLEY. You stayed all year?

Mrs. CATENA. I stayed with the children all winter; yes.

Mr. HALLEY. Were you there the year before?

Mrs. CATENA. I was down there the year before.

Mr. HALLEY. Do you know Meyer Lansky, who is out in the other room?

Mrs. CATENA. Yes.

Mr. HALLEY. How long have you known Lansky?

Mrs. CATENA. Since I married.

Mr. HALLEY. Do you know Jimmy Alo, Jimmy "Blue Eyes" Alo?

Mrs. CATENA. The name sounds familiar, but I don't recall too clearly.

Mr. HALLEY. Do you know Little Augie Pissano?

Mrs. CATENA. No.

Mr. HALLEY. Do you know Abe Allenberg at the Boulevard Hotel?

Mrs. CATENA. No.

Mr. HALLEY. Were you ever at the Boulevard Hotel in Miami Beach?

Mrs. CATENA. No.

Mr. HALLEY. Or at the Robert Richter?

Mrs. CATENA. No.

Mr. HALLEY. Your husband is bound to come home sooner or later; do you think?

Mrs. CATENA. I don't know. I guess so. I hope so.

Mr. HALLEY. He loves you and the children, I presume?

Mrs. CATENA. He loves us very much.

Mr. HALLEY. Would you make it perfectly clear to him that this committee is attempting to serve a subpoena on him?

Mrs. CATENA. Yes.

Mr. HALLEY. And upon his return, if the committee is unable to do it, the committee will simply have to take steps to have the subpoena served in some other way.

Senator TOBEY. Wouldn't you amplify that by saying that, no matter how long he stays away, whenever he comes back we will be on the job then and serve subpoena? It is foolish to stay away, because sooner or later he is going to come before us. He might as well come before us and have his family and home life again.

Mrs. CATENA. Yes.

The CHAIRMAN. Senator Tobey.

Senator TOBEY. What was your maiden name?

Mrs. CATENA. Katherine McNalley.

Senator TOBEY. A New York girl?

Mrs. CATENA. A Brooklyn girl, yes.

Senator TOBEY. Weren't you familiar with the fact that these names mentioned here—Doto, Catena, Moretti, Lynch—were all engaged in gambling business in some form or other, Mrs. Catena?

Mrs. CATENA. No. They never gave me any reason to; no, outside of what I have been reading recently in the papers.

Senator TOBEY. That is all I have.

Mrs. CATENA. I have been busy, you know, with the children. When I got married, I had one baby after another, and I have been busy raising them.

Senator TOBEY. How many years have you been married?

Mrs. CATENA. I have been married 14 years next month. After all, I had my first three children in 4 years. I kept having children and running the house.

Senator TOBEY. Yes; I do know.

The CHAIRMAN. What did you do before you got married, Mrs. Catena?

Mrs. CATENA. I didn't do anything.

The CHAIRMAN. You got out of school and got married?

Mrs. CATENA. That is right.

The CHAIRMAN. How old is your husband, by the way?

Mrs. CATENA. He is 47 or 48.

The CHAIRMAN. Mrs. Catena, if you had some emergency, is there someone you could get in touch with who could get in touch with your husband?

Mrs. CATENA. Not that I know of.

The CHAIRMAN. Your lawyer or partner in business or somebody?

Mrs. CATENA. No; unless Mr. Dameo could, I don't know anyone, really, anyone at all.

The CHAIRMAN. You have no idea where he is?

Mrs. CATENA. No.

The CHAIRMAN. Or where he went to?

Mrs. CATENA. No. I have no idea at all.

The CHAIRMAN. No idea in the world. Mrs. Catena, I think it would be well for you to try to get word to your husband that he is just making it a whole lot harder on himself by avoiding service of a subpoena, that he won't get by with it, and the publicity and the scorn that he will be held in by trying to avoid appearing before this committee will just make it that much worse for him. We have an investigation to carry through. He is a necessary witness. He will have to testify sooner or later.

We appreciate your being here to testify today.

Senator TOBEY. You said you knew Mrs. Doto?

Mrs. CATENA. Yes.

Senator TOBEY. When did you see her last?

Mrs. CATENA. Oh, gee, it must be over a year. I know she has been ill.

Senator TOBEY. Thank you.

The CHAIRMAN. Thank you, Mrs. Catena.

Mr. Calandra, what is your first name?

Mr. CALANDRA. Anthony A.

The CHAIRMAN. Just by chance you know where Mr. Catena is and might be in touch with him, I really think you would be doing your client a great service if you told him to get on back here.

Mr. CALANDRA. If he should at any time communicate with me, I shall advise him to accept the subpoena and appear. I can appreciate the legal ramifications that are involved and, of course, I will do that.

The CHAIRMAN. Thank you. Thank you, Mrs. Catena.

Mr. HALLEY. Do you represent Mr. Catena?

Mr. CALANDRA. No.

Mr. HALLEY. You don't represent Mr. Catena?

Mr. CALANDRA. No.

Mr. HALLEY. Do you know who does?

Mr. CALANDRA. No.

Mr. HALLEY. Do you, Mrs. Catena?

Mrs. CATENA. No.

Mr. HALLEY. But you never have?

Mr. CALANDRA. No; I have never represented him on any legal matters.

Mr. HALLEY. Thank you.

(Brief recess.)

The CHAIRMAN. The committee will come to order.

Mr. Goldstein, do you solemnly swear the testimony you will give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. GOLDSTEIN. I do.

TESTIMONY OF GEORGE GOLDSTEIN, NEWARK, N. J.

Mr. HALLEY. What is your full name?

Mr. GOLDSTEIN. George Goldstein.

Mr. HALLEY. Your residence?

Mr. GOLDSTEIN. 14 Van Velsa Place, Newark.

Mr. HALLEY. What is your occupation?

Mr. GOLDSTEIN. Accountant, certified public accountant.

Mr. HALLEY. Where is your office?

Mr. GOLDSTEIN. 744 Broad Street, Newark.

Mr. HALLEY. Do you have a firm?

Mr. GOLDSTEIN. Yes. I. George Goldstein & Co.

Mr. HALLEY. Do you have any partners?

Mr. GOLDSTEIN. I have a partner now, an associate partner, Jack Maurer.

Mr. HALLEY. Did you have another firm prior to this one?

Mr. GOLDSTEIN. Yes. I was partner with Arthur L. Goldfine, from 1945 until 1948, September 1948.

Mr. HALLEY. Where were your offices with Goldfine?

Mr. GOLDSTEIN. 175 Fifth Avenue.

Mr. HALLEY. New York?

Mr. GOLDSTEIN. In New York. And then about a year later we had a Jersey office at 850 Broad Street.

Mr. HALLEY. Do you know whether Arthur Goldfine is related in any way to Alec Goldfine?

Mr. GOLDSTEIN. No, no. I don't know. He is my brother-in-law. I would know if he had an Alec. Not that I know of.

Mr. HALLEY. Do you know the Alec Goldfine who is connected with the various gambling corporations?

Mr. GOLDSTEIN. I remember—I don't remember that.

Mr. HALLEY. You do remember the name?

Mr. GOLDSTEIN. Yes. It stands out. I don't know just exactly where.

Mr. HALLEY. You don't know of any relationship?

Mr. GOLDSTEIN. No.

Mr. HALLEY. When were you certified as a c. p. a. and where?

Mr. GOLDSTEIN. In 1926 in New York.

Mr. HALLEY. Have you been certified in New Jersey?

Mr. GOLDSTEIN. Yes; a few years.

Mr. HALLEY. You have represented the New Jersey gambling partnerships, is that correct?

Mr. GOLDSTEIN. I don't know whether you would call it representing them. We have made out the tax returns for them.

Mr. HALLEY. Who originally made the contact for you?

Mr. GOLDSTEIN. I can recall the first one we did.

Mr. HALLEY. Which was that?

Mr. GOLDSTEIN. I think that is G. & R.

Mr. HALLEY. G. & R. Trading Co.?

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. Was that in 1945-46?

Mr. GOLDSTEIN. It started in 1945. The reason I recall it so definitely is because that is when we started our partnership with my partner. I started in business with him at that time. That is when I started with Goldfine. That was one of our first jobs.

Mr. HALLEY. How did that business come to you?

Mr. GOLDSTEIN. It came through Anthony Guarini.

Mr. HALLEY. How long had you known Guarini?

Mr. GOLDSTEIN. I didn't know him before that. He came to my house and said he was recommended by somebody. I don't recall the circumstances. I recall some event that started. I just don't know how.

Mr. HALLEY. Prior to 1945 where was your office?

Mr. GOLDSTEIN. I was in business for myself personally under the name of I. George Goldstein, from November or December 1942 until the end of 1944, at 744 Broad Street.

Mr. HALLEY. In Newark?

Mr. GOLDSTEIN. In Newark; yes.

Mr. HALLEY. You moved to New York solely for the partnership with Goldfine?

Mr. GOLDSTEIN. Yes; temporarily, although it was always our intention to have a Newark office.

Mr. HALLEY. Was the G. & R. account your account or Goldfine's?

Mr. GOLDSTEIN. No; it was mine.

Mr. HALLEY. Prior to 1942 where was your business?

Mr. GOLDSTEIN. Prior to 1942 I was with Samuel R. Cohn & Co.

Mr. HALLEY. Located where?

Mr. GOLDSTEIN. Located at 744 Broad Street.

Mr. HALLEY. Were you a partner?

Mr. GOLDSTEIN. Only in the name that I shared in the profits. In other words, I shared in the earnings, but I had no interest at all in any of the accounts or good will or business or anything.

Mr. HALLEY. How long were you with Cohn & Co.?

Mr. GOLDSTEIN. That would be from January 1, 1937, I think, around that time, to that December 1942.

Mr. HALLEY. What was your office before then?

Mr. GOLDSTEIN. Before then I was with J. H. Cohn—no; Cohn & Co.

Mr. HALLEY. At what address?

Mr. GOLDSTEIN. 972 Broad Street, I think.

Mr. HALLEY. The two Cohn & Co.'s related in any way?

Mr. GOLDSTEIN. The first Cohn & Co. consisted of two partners, J. H. Cohn and Samuel R. Cohn, and it was from Cohn & Co. that I went with in 1937.

Mr. HALLEY. Prior to working for the first Cohn & Co., where were you?

Mr. GOLDSTEIN. The first Cohn & Co.? That would be close to—let's see. I have to do a little figuring. You mean what firm did I work for?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. I don't know the name of the firm. Schier & Herz in New York City.

Mr. HALLEY. Did you work for any other firm?

Mr. GOLDSTEIN. Yes. That is a long way back. That is about 25 years ago. Nathan L. Janis, c. p. a.

Mr. HALLEY. Have you ever been in any other business besides that of being a c. p. a.?

Mr. GOLDSTEIN. No.

Mr. HALLEY. In addition to representing—

Mr. GOLDSTEIN. Excuse me. There was some other besides that. There was another firm, but I just don't recall. You see I worked 5 years before I became certified. I know that. I became certified in 1946, so there must have been 5 years of work right there as c. p. a. Janis is one of them. Schier & Herz is another. But there are one or two others.

Mr. HALLEY. Would you provide the committee with a list putting together such a list at your office at your leisure, and mail it to me?

Mr. GOLDSTEIN. I have my certificate as C. P. A.

Mr. HALLEY. In addition to G. & R. Trading Co., did Guarina bring you the business of L. & C. Co.?

Mr. GOLDSTEIN. Yes. It started with that Guarini. I believe the name was G. & R. Then there was a lapse of time. I don't recall how much. I think it was a year after that. Then there was that L. & C. Isn't that a 1947 return?

Mr. HALLEY. Yes. Then there was B. & T., also in 1947, is that right?

Mr. GOLDSTEIN. Yes; B. & T. is another one, that is right.

Mr. HALLEY. Then there was Pal Trading Co., is that right?

Mr. GOLDSTEIN. Right.

Mr. HALLEY. Then General Trading Co.

Mr. GOLDSTEIN. I don't know whether it is in that rotation. I think that is the rotation.

Mr. HALLEY. In addition to those companies, have you done any other business for Guarini?

Mr. GOLDSTEIN. No.

Mr. HALLEY. None whatsoever?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Have you done any other business for Joe Doto, known as Joe Adonis?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Any other business for Salvatore Moretti?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Any for Willie Moretti?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Any for Gerard Catena?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Any for James Rutkin?

Mr. GOLDSTEIN. Any business for Rutkin?

Mr. HALLEY. Any personal work.

Mr. GOLDSTEIN. I did his tax return, that is all.

Mr. HALLEY. For what year?

Mr. GOLDSTEIN. 1942, 1943, 1944, and then he skipped a year or two. The next one I guess was 1948.

Mr. HALLEY. You knew Rutkin before you knew Guarini?

Mr. GOLDSTEIN. Oh, yes.

Mr. HALLEY. Did Rutkin send Guarini to you?

Mr. GOLDSTEIN. It could have been. I can't be sure of that.

Mr. HALLEY. Rutkin was in this G. & R. with Guarini, was he not?

Mr. GOLDSTEIN. That is right. That would be the most likely, but I can't be sure about that.

Mr. HALLEY. You think Rutkin may have sent Guarini to you?

Mr. GOLDSTEIN. He may have. It sounds logical to me. The only other person I knew was Lansky, which will probably come up later. That is the only person I knew somewhere in the early forties. There were no other people I knew of this type up to that time.

Mr. HALLEY. You knew Longie Zwillman?

Mr. GOLDSTEIN. No.

Mr. HALLEY. When did you first meet him?

Mr. GOLDSTEIN. I first met him at I believe the end of 1942 or 1943.

Mr. HALLEY. Did you do any other work for James Lynch?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Or any other work for Arthur Longano?

Mr. GOLDSTEIN. No.

Mr. HALLEY. For these people and the companies we have mentioned you drew up partnership returns, is that right?

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. And then did you draw up their individual returns for the years involved?

Mr. GOLDSTEIN. No; not all of them.

Mr. HALLEY. What did you do, certify the income to each partner?

Mr. GOLDSTEIN. Yes. In other words, if I remember correctly, our office made up a sheet which consists of five copies of balance sheet and profit and loss and distributive share, and each one would get it, five or six or however many partners there were. I want to answer your other question. You asked did I do the tax returns. Some of them. Take Lynch. He came in one year, I don't know when. I would see him only once a year. In 1949 or something like that Lynch, Longano, I recall those two. Mention those other names again, will you, please?

Mr. HALLEY. Adonis.

Mr. GOLDSTEIN. No.

Mr. HALLEY. Doto?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Moretti.

Mr. GOLDSTEIN. No.

Mr. HALLEY. Guarini?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Catena.

Mr. GOLDSTEIN. No.

Mr. HALLEY. Rutkin.

Mr. GOLDSTEIN. Rutkin, I mentioned Rutkin.

Mr. HALLEY. Did you also do it for the company that operated up at Saratoga, the L. & L. Co.?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. You handled their accounts, too?

Mr. GOLDSTEIN. Let me just say this. The difference between handling an account and doing a tax job is the difference between day and night.

Mr. HALLEY. We will get into that.

Mr. GOLDSTEIN. You asked if I was doing an accounting job and this is not an accounting job.

Mr. HALLEY. You did draw the tax return for L. & L. Co.?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. In each case where you did the return did you supply the partners with a statement of their distributive share?

Mr. GOLDSTEIN. I am pretty certain, I am reasonably certain, I will put it that way.

Mr. HALLEY. Now let's take the companies one at a time. The first is the G. & R. Co.; is that right?

Mr. GOLDSTEIN. That is the one that started in 1945?

Mr. HALLEY. That is the one that started in 1945; I believe, April 11, 1945.

Mr. GOLDSTEIN. Would you mind telling me when the year ended?

Mr. HALLEY. I believe it ended April 10, 1946.

Mr. GOLDSTEIN. I wouldn't know. I don't know. That is why I asked you. I don't know the dates.

Mr. HALLEY. You do remember having drawn a tax return for that company?

Mr. GOLDSTEIN. Oh, yes.

Mr. HALLEY. From whom did you get the information, Mr. Goldstein?

Mr. GOLDSTEIN. Guarini.

Mr. HALLEY. Guarini?

Mr. GOLDSTEIN. Guarini.

Mr. HALLEY. It appears it was filed by Gerald Catena. Did you hand the return to Catena?

Mr. GOLDSTEIN. I couldn't answer that.

Mr. HALLEY. Did you discuss the matter with Catena?

Mr. GOLDSTEIN. No.

Mr. HALLEY. From whom did you get your facts, just Guarini?

Mr. GOLDSTEIN. Just Guarini.

Mr. HALLEY. Did he provide you with books of account?

Mr. GOLDSTEIN. No.

Mr. HALLEY. How did you get your information then?

Mr. GOLDSTEIN. Here is how that worked. They would submit a daily summary of operations, which would show their gross, I believe, and net per day on one side, and then in the left-hand column would be the expenses, the payroll, rent, and whatever else they paid. All we did in the office, and it was very seldom that I ever did any personal work, it was usually handled by our office. Some of these returns I never even saw. We would accumulate it. Some would accumulate the daily information to a monthly figure, and from the monthly figures they would be summarized into an annual figure.

Mr. HALLEY. Would the daily sheet be brought to you each day?

Mr. GOLDSTEIN. No, no.

Mr. HALLEY. How often would they be brought?

Mr. GOLDSTEIN. I don't know. Most of the time the end of the month or 10 days after the end of the month, sometimes every 2 months, something like that, you see.

Mr. HALLEY. Then they would bring in a batch.

Mr. GOLDSTEIN. They would bring in a whole batch of them, yes.

Mr. HALLEY. Who would actually bring those in?

Mr. GOLDSTEIN. Guarini.

Mr. HALLEY. No one else ever?

Mr. GOLDSTEIN. No one else that I recall. I don't recall.

Mr. HALLEY. You say it could have been Lynch?

Mr. GOLDSTEIN. It is possible. I don't recall. Sometimes I may not have been in the office when it happened. In other words, he could have come in the office and leave the returns and I wouldn't have been there. I didn't personally handle this, understand.

Mr. HALLEY. With whom did you arrange it?

Mr. GOLDSTEIN. Guarini.

Mr. HALLEY. What was the figure on the G. & R. Trading Co.?

Mr. GOLDSTEIN. All of these were round \$1,500 a year, approximately.

Mr. HALLEY. Did you make any attempt to keep books?

Mr. GOLDSTEIN. When I say keep books we tried to set up or somebody in our office tried to set up a general ledger which consisted of the

same type of accounts which are in the tax return. In other words, there would be cash accounts and expense accounts, the same things you find in the tax returns, which would support the tax return.

Mr. HALLEY. Who in your office handled that, do you know?

Mr. GOLDSTEIN. I know the last two or three, the last 3 years, at least the last 3 years. It has been this Eddie—do you want to know the man's name?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. Edward Diamond. The last 2 years he did it I think.

Mr. HALLEY. Who was in charge of that before that?

Mr. GOLDSTEIN. I wouldn't say. We have a lot of men.

Mr. HALLEY. Did you personally see the return?

Mr. GOLDSTEIN. Sometimes I did.

Mr. HALLEY. You wouldn't file a return under your name without seeing it?

Mr. GOLDSTEIN. You mean by seeing——

Mr. HALLEY. Yes, reviewing it.

Mr. GOLDSTEIN. Reviewing it. Most of the time I did. Sometimes I wouldn't. There are many returns in our office that are filed that I don't review.

Mr. HALLEY. Even though your name is on them?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And personally prepared by them.

Mr. GOLDSTEIN. You have an assistant. You have somebody do it for you. It is impossible to review every tax return that goes through the office.

Mr. HALLEY. You signed them, didn't you?

Mr. GOLDSTEIN. Oh, yes.

Mr. HALLEY. You looked at them, didn't you?

Mr. GOLDSTEIN. I looked at them; yes.

Mr. HALLEY. You saw the figures on them.

Mr. GOLDSTEIN. Yes. I just glanced at them. When you say "reviewing," there is a little difference in my mind between looking and reviewing. I looked at it to see if it looked right.

Mr. HALLEY. As a C. P. A. submitting an income-tax return to the United States of America you agreed with what you were signing, did you not?

Mr. GOLDSTEIN. Oh, yes, I did.

Mr. HALLEY. Where are the records that you were given for the G. & R. Trading Co.?

Mr. GOLDSTEIN. The only records we ever had, as I explained before, were those summaries attached to the tax return. Those were taken from us by Guarini, I believe some time this year.

Mr. HALLEY. When did he take them?

Mr. GOLDSTEIN. Either January, February, or March; something like that this year. This was right before he went to jail.

Mr. HALLEY. Is it my understanding that he took every record in your possession at that time?

Mr. GOLDSTEIN. If you call a record a tax return and the information attached to it, that is what he took.

Mr. HALLEY. What happened to the books in which you posted the information?

Mr. GOLDSTEIN. In some cases—when you ask me about books, they are still the same yellow sheets. We attached them right to the return. There are no written books or anything like that. It is just a yellow sheet that you just type up, and headed the same as you would a general ledger.

Mr. HALLEY. Is it your testimony that you returned them also?

Mr. GOLDSTEIN. Yes. Everything was attached to the return, Mr. Halley.

Mr. HALLEY. Did you conceive of yourself, as a certified public accountant, as having no responsibility to keep any files?

Mr. GOLDSTEIN. Yes and no, I would like to answer that.

Mr. HALLEY. Yes and no is meaningless.

Mr. GOLDSTEIN. Responsibility to keep it after you prepare it?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. I will give you an illustration. I did do Rutkin's return. I decided a long time ago I am not going to do it any more. Any time he wants it, if he doesn't call for them I am going to ship them over to him, all the returns, lock, stock, and barrel. So if I change accountants or if I want to do anything, I am not required to keep a tax return.

Mr. HALLEY. Let's go back to Guarini.

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. He called for his papers personally?

Mr. GOLDSTEIN. I believe it was; yes.

Mr. HALLEY. Did you see him?

Mr. GOLDSTEIN. I think I did; yes.

Mr. HALLEY. And you approved the return of the papers?

Mr. GOLDSTEIN. Yes; I did.

Mr. HALLEY. At that time he had been sentenced to a jail term?

Mr. GOLDSTEIN. I don't know whether he was sentenced or going to be sentenced. He talked about a gambling charge.

Mr. HALLEY. He had been convicted on a gambling charge.

Mr. GOLDSTEIN. I wouldn't know whether he was convicted. I know there was something about a gambling charge. Either he was being tried or he was convicted or going to be. I don't know.

Mr. HALLEY. As an accountant with 30 years' experience, you would have good reason to foresee that there might be some need for those records by some agency of the Government?

Mr. GOLDSTEIN. If there was any—let me be frank about it. At this present moment I feel now the way I did at that time, if any of this type of work that I had, if I had them and I decided a long time ago not to do it any more, I would return them. There is no responsibility to keep a return on the accountant's part. I will give you an illustration, too.

Mr. HALLEY. Go ahead.

Mr. GOLDSTEIN. At the end of the year you have Government agents throughout the country, revenue agents, and all kinds of collectors' agents, who go throughout the country and prepare tax returns. They prepare them. An individual comes in and they make up a tax return. They give them a rent schedule or any other schedule. When they get through they prepare the return and he signs his name and there is no—

Mr. HALLEY. You are not trying to kid us.

Mr. GOLDSTEIN. No; I am not trying to kid you.

Mr. HALLEY. You want the revenue agent just doing the return.

Mr. GOLDSTEIN. You asked me for an illustration of what conditions under which you don't keep the return.

Mr. HALLEY. These people brought you their daily record.

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. Including their expenses for each day.

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. Did you set up a set of books in their offices?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Any man with any intelligence would know that you were getting their basic records and that there would be no other record around.

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. You had them in your office.

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. From them you prepared certain work sheets so you could file the return.

Mr. GOLDSTEIN. That is right, cumulative work sheets with the return.

Mr. HALLEY. You know very well the work sheets are your own records and not your clients.

Mr. GOLDSTEIN. I don't know.

Mr. HALLEY. Of course they are.

Mr. GOLDSTEIN. I don't know that I agree with you. I am sorry.

Mr. HALLEY. They are, and that is a fact.

Mr. GOLDSTEIN. No, it is not a fact. I am sorry to disagree with you. It is not a fact.

Mr. HALLEY. Have you ever been in a dispute in which you have had to return certain papers to a client and admitted they were your work papers?

Mr. GOLDSTEIN. If I am in a dispute and a man insisted on the working papers in order to pay me I have given him the working papers at any time.

Mr. HALLEY. Have you ever been in a position where before being paid you refused to give up your working papers on the position that they were your papers?

Mr. GOLDSTEIN. No, I haven't been in that position, no, but I am telling you that if a client came to me and said to me I want my working papers before I pay you, I would give them to him.

Mr. HALLEY. They are not his papers. They are your working papers that you prepared.

Mr. GOLDSTEIN. What we call working papers are based on these particular records. They are sheets that we prepared. As to whose they are, that is a question of opinion.

Mr. HALLEY. It is totally incomprehensible to me that you, as a certified public accountant, could put yourself in the position of returning all these working papers and basic records to a man who is about to go to jail convicted of gambling.

Mr. GOLDSTEIN. It is very logical to me.

Mr. HALLEY. Did any official of the State of New Jersey or any city or township or county in New Jersey ever ask you or subpoena those records from you?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Were you ever asked to produce them in connection with Guarini's trial?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Up to the time Guarini went to jail you were never asked for the records; is that right?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Was the first occasion on which you were asked for them when this committee and the district attorney of New York County both asked you for your records?

Mr. GOLDSTEIN. No, it wasn't. The first occasion—I don't get that.

Mr. HALLEY. When you were asked for the records of these gambling corporations.

Mr. GOLDSTEIN. By whom?

Mr. HALLEY. By any public official.

Mr. GOLDSTEIN. The only public official I recall in my lifetime was this last Hogan inquiry.

Mr. HALLEY. And this committee also approached you for the records and then it was determined that you would turn them over to Hogan.

Mr. GOLDSTEIN. I don't know when you approached me. I know you did, yes. It was later than that. It was later than the Hogan inquiry.

Mr. HALLEY. That is right. There was no query before then by any official about these records?

Mr. GOLDSTEIN. I don't recall any at all.

Mr. HALLEY. G. & R. Trading Co.—

The CHAIRMAN. When was it he turned them over to Mr. Guarini?

Mr. GOLDSTEIN. Around February or March of this year, Senator.

The CHAIRMAN. When was it you were asked for the records first?

Mr. GOLDSTEIN. I wasn't asked. It just came up, as I recall, and that is that. That is all I recall about it.

Senator TOBEY. If you made out the income tax for this man and put your name on it, under your aegis, and then you knew the Federal Government sometimes checks up recalcitrants or people they have a doubt about, where would you think they were going to get the data from which you made the income tax out if you gave it up to Guarini?

Mr. GOLDSTEIN. Senator, don't you see, if any individual, forget these inquiries, there is no such thing in mind, if any individual's tax return was going to be examined and I had returned it to him, it is his responsibility to get in touch with him and I would decide then what I wanted to do or didn't want to do. It is up to him then.

Senator TOBEY. Did you caution him to keep this on hand intact?

Mr. GOLDSTEIN. I don't remember cautioning him.

Senator TOBEY. Did you have any conversation with him about it?

Mr. GOLDSTEIN. No.

Senator TOBEY. Did he tell you he wanted them back so he could get rid of them and destroy all traces of fraud?

Mr. GOLDSTEIN. No, Senator. The information contained in those papers are no different than the tax return. There is nothing different in it. There isn't a single thing that you couldn't get from the tax return that is on those sheets. It is the same information.

Senator TOBEY. Where did he bank?

Mr. GOLDSTEIN. There was no bank account.

Senator TOBEY. Did he do everything in cash?

Mr. GOLDSTEIN. Yes.

Senator TOBEY. Didn't that make a suspicion that there was crookedness when a man dealt in cash only?

Mr. GOLDSTEIN. The whole operation is in cash.

Senator TOBEY. He never put anything in cash.

Mr. GOLDSTEIN. No.

Senator TOBEY. You weren't suspicious of that kind of vermin?

Mr. GOLDSTEIN. You mean the propriety of doing that work?

Senator TOBEY. Yes, I do. I want to know the ethics about it. If you are doing business with a crook, why don't you tell him so? You are a citizen of the United States and you are pledged to be a good citizen. Don't you know that when you were doing business with a man who was concealing money in cigar boxes is trying to conceal the facts? You were aiding and abetting him.

Mr. GOLDSTEIN. There is no concealment. He just dealt in cash instead of check. If a man wants to do the wrong thing he could do the same thing with checks.

Senator TOBEY. He has to deposit them, doesn't he?

Mr. GOLDSTEIN. Yes.

Senator TOBEY. There is a record then, isn't there?

Mr. GOLDSTEIN. That is right.

Senator TOBEY. There is no record of cash, is there?

Mr. GOLDSTEIN. Well, all I can tell you, Senator, if I may say this, when we did this work——

Senator TOBEY. Honest men don't do business that way, straight shooters, good citizens don't do business that way.

Mr. GOLDSTEIN. You mean the way G. & R. did?

Senator TOBEY. Yes.

Mr. GOLDSTEIN. There is no question about it.

Senator TOBEY. You knew it, didn't you?

Mr. GOLDSTEIN. Yes.

Senator TOBEY. Didn't you tell him to "get to hell out of here. I don't want your business, you dirty rat?"

Mr. GOLDSTEIN. All I can say is that my partner was in the Government for 14 years and we made many inquiries and as to the propriety of doing this kind of work from the Federal Government standpoint and they said there is nothing that is improper. You are helping, in other words, the Government to collect taxes. That is the consensus of information we got. Senator, many times we have had examinations, we have met many special agents of the Government, and they all knew. They must have come up where they knew it, that they knew we were representing them in some way or other.

Mr. HALLEY. You know very well that you would have no way of checking on the actual daily receipts.

Mr. GOLDSTEIN. No.

Mr. HALLEY. You were told there was a certain gross that would appear on the sheets.

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. And you were told that a certain profit would be made.

Mr. GOLDSTEIN. That is correct; whatever the profits showed.

Mr. HALLEY. For that you would be taking the word of a lot of gamblers; isn't that right?

Mr. GOLDSTEIN. In the same way that you take the word of any businessman.

Mr. HALLEY. Is it?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Do they have invoices to show?

Mr. GOLDSTEIN. They don't have any invoices.

Mr. HALLEY. Do they have sales slips?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Do they have canceled vouchers?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Do they have the names and list of customers that you can check?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Do they have anything that you can test check even to make a 10 percent check or a 1 percent check?

Mr. GOLDSTEIN. No.

Mr. HALLEY. How do you compare that with any commercial business?

Mr. GOLDSTEIN. Because if it is in any commercial business, you can have funds that are missing or shortages or anything of that type without the accountant knowing about it. It is the same thing. You have had that same condition during the war.

Mr. HALLEY. I know, but you have no check here whatsoever on anything.

Mr. GOLDSTEIN. You have no check in many businesses, Mr. Halley.

Mr. HALLEY. Name one other type of business in which you have no check.

Mr. GOLDSTEIN. In all retail business you have no check.

Mr. HALLEY. They buy merchandise, don't they?

Mr. GOLDSTEIN. They buy it, but the Government accepts what they ring up on the cash register.

Mr. HALLEY. But you can check their inventory. You can see how much merchandise they bought.

Mr. GOLDSTEIN. I disagree with you.

Mr. HALLEY. They have a tape on the cash register.

Mr. GOLDSTEIN. Yes; they have the tape listing and you can check their purchases, but there is nobody in the world who can go into a retail store, any retail store, and determine whether they should make 28 percent or 24 percent. They still take all the cash and keep it.

Mr. HALLEY. You can check their purchases.

Mr. GOLDSTEIN. All you can do is check the purchases and total them up. But you and I nor anyone can ever tell whether they are not pocketing 5 percent of their receipts or otherwise.

Mr. HALLEY. Don't you have the morality to admit that in a retail store a man buys goods that you can see with your eyes and count, and if you had to check on them you could and that he pays bills that appear in writing?

Mr. GOLDSTEIN. Mr. Halley, you are asking whether an accountant can tell whether it is correct or not?

Mr. HALLEY. No; but you have some way of checking it.

Mr. GOLDSTEIN. A retailer, many wholesalers and many types of business could be just as dishonest if they want to be as this place could be.

Mr. HALLEY. They could be but they don't have nearly the opportunity, do they?

Mr. GOLDSTEIN. I wouldn't say that.

Mr. HALLEY. Is there anything tangible that you had here that you could count in any way to check up on these people?

Mr. GOLDSTEIN. Nothing tangible.

Mr. HALLEY. Nothing at all.

Mr. GOLDSTEIN. No more than any retailer. There is nothing tangible in other lines of business.

Mr. HALLEY. Let's stick to this one.

Mr. GOLDSTEIN. All right.

Mr. HALLEY. Here you had absolutely nothing at all.

Mr. GOLDSTEIN. By nothing you mean that there is no way of checking it.

Mr. HALLEY. Did you set up any—

Mr. GOLDSTEIN. Excuse me a minute. May I bring this out. You are talking about other business with no way of checking. All professional firms have no way of checking. Doctors—

Mr. HALLEY. There is no way of checking?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Don't they keep records?

Mr. GOLDSTEIN. Yes; they keep records, but the Government takes—if they want to pocket 90 percent of that they can do so.

Mr. HALLEY. But they keep a report of the name of the patient.

Mr. GOLDSTEIN. They keep a record of the charge to the patient.

Mr. HALLEY. They keep a calendar book so you can tell who was in at 2 o'clock and who was in at 3:30.

Mr. GOLDSTEIN. Please believe me, Mr. Halley, it is a recognized fact in the accounting and tax profession that it is pretty difficult to check to see whether a doctor's return or a dentist's return is correct.

Mr. HALLEY. Now let's get back to a gambling place. It is at least possible in the situation of a gambling place to set up a system so that the money is carefully channeled and you can tell how much comes in and how much goes out.

Mr. GOLDSTEIN. It is impossible, Mr. Halley.

Mr. HALLEY. You can have locked drawers for the cash.

Mr. GOLDSTEIN. That is up to them. That is their internal system.

Mr. HALLEY. You made no attempt to see that they set up any kind of check.

Mr. GOLDSTEIN. You couldn't have it. There is no check, Mr. Halley, in any gambling place as far as I know.

Mr. HALLEY. Not even a system that you could explain to the Government and say this is a system we set up so that if they followed the system the report would be honest?

Mr. GOLDSTEIN. My answer to that, Mr. Halley, is that the State of Nevada, where they have legalized gambling, there is no way in the world that any Government agency could tell what any table or place could win; no way in the world.

Mr. HALLEY. Have you ever checked the system of the State of Nevada?

Mr. GOLDSTEIN. I have seen it. It is published in accounting manuals.

Mr. HALLEY. Have you ever been out there and looked at it and checked the system?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Then I would advise you not to talk about it.

Mr. GOLDSTEIN. I can——

Mr. HALLEY. I happen to know the system.

Mr. GOLDSTEIN. I know the system too, Mr. Halley.

Mr. HALLEY. And it is possible to check it.

Mr. GOLDSTEIN. Possible to check, Mr. Halley, but 50 percent of the income could be missing and nobody would know it.

Mr. HALLEY. You can steal from any business but at least there is some effort to set up a system of checks and balances. Here you had nothing but the bare word of a man and you didn't even have that. You just had a scrap of paper.

Mr. GOLDSTEIN. What does that mean? I don't follow this, Mr. Halley. Because this particular place had a system that you can't check, does that make it automatically more dishonest?

Mr. HALLEY. Let's get to the actual returns, and perhaps you will see.

For G. & R. Trading Co. you filed a return from April 11, 1945, to April 10, 1946; is that correct?

Mr. GOLDSTEIN. Yes, sir.

Mr. HALLEY. It shows gross receipts of \$488,698; is that right?

Mr. GOLDSTEIN. I wouldn't know. Whatever you say.

Mr. HALLEY. You so filed, did you not?

Mr. GOLDSTEIN. I will take it for granted every figure you say is correct. You have the return in front of you.

Mr. HALLEY. You don't doubt that the figures that appear on the return are right?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Then you show certain operating expenses totaling \$233,426.64; is that right? If it appears on the return that is it; is that right?

Mr. GOLDSTEIN. I will answer the same way.

Mr. HALLEY. And a net income of \$255,271.36. If that appears on the return; is that the correct figure?

Mr. GOLDSTEIN. Yes, sir.

Mr. HALLEY. And of that, you distributed to Rutkin \$51,054.27?

Mr. GOLDSTEIN. The same answer. Whatever figures you call are correct.

Mr. HALLEY. The figures that appear on the return are correct; is that right?

Mr. GOLDSTEIN. Is that the return that I signed? Then every figure you call is the figure reflected in the tax return.

Mr. HALLEY. If that is the figure appearing on the return, is that the correct figure?

Mr. GOLDSTEIN. By "correct," you mean what?

Mr. HALLEY. The figure you filed.

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Based on the information given you?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. You don't say it is the correct figure?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You have no way of knowing?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You showed \$38,290.71 income for Anthony Guarini; is that right? If it so appears, that is what you showed?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And Joe Adonis, alias Joe Doto, \$76,581.41?

Mr. GOLDSTEIN. The same answer. Whatever it shows.

Mr. HALLEY. Catena, \$51,054.27?

Mr. GOLDSTEIN. The same answer.

Mr. HALLEY. And Salvatore Moretti, \$38,290.70.

Would you state who gave you the percentages so that you could figure out the partnership distribution?

Mr. GOLDSTEIN. Yes, sir. Mr. Guarini.

Mr. HALLEY. What were the percentages? Did he state?

Mr. GOLDSTEIN. You mean—I don't know. You would have to read it to me.

Mr. HALLEY. It would appear roughly that Rutkin and Catena had 20 percent, is that right?

Mr. GOLDSTEIN. Whatever the tax return figures show.

Mr. HALLEY. You have no independent recollection at all?

Mr. GOLDSTEIN. I don't know. No, I have no recollection. You are asking me to remember one partnership return figure of all the returns we do, for the year 1945.

Mr. HALLEY. But you are willing to swear that if these figures show on the tax returns, they are correct?

Mr. GOLDSTEIN. That they are correct as submitted to us, yes.

Mr. HALLEY. As submitted to you. You won't vouch for a thing?

Mr. GOLDSTEIN. Won't vouch. I don't understand that question.

Mr. HALLEY. In other words, you wouldn't take the word of these people, would you?

Mr. GOLDSTEIN. We prepare a tax return based solely on their information. As far as taking word, the same applies to any businessman, for that matter.

Mr. HALLEY. Let's leave businessmen out of this.

Mr. GOLDSTEIN. You are saying take their word.

Mr. HALLEY. You have a man who comes in and says, "I ran a crap game and last night we made a net of \$2,000," is that right?

Mr. GOLDSTEIN. That is true.

Mr. HALLEY. By "gross receipts," you don't mean the gross number of bets? You mean the profit each night?

Mr. GOLDSTEIN. That is the total win, I believe.

Mr. HALLEY. There is no record kept of the total bet at all, is that right?

Mr. GOLDSTEIN. No.

Mr. HALLEY. If the bank roll at the start of a particular night is \$10,000, and at the end of the night it is \$15,000, the total win for that night is \$5,000?

Mr. GOLDSTEIN. The total net win is \$5,000 after all expenses.

Mr. HALLEY. This business, then, running for a year, shows total net wins of approximately \$500,000 in a year?

Mr. GOLDSTEIN. What would that figure be, the top figure 488? Is that the top figure, the gross figure?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. Yes, that is the net win.

Mr. HALLEY. Then you took off certain operating expenses?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Did the partners have salaries?

Mr. GOLDSTEIN. I don't think so. I don't know. I couldn't say, unless it is indicated there.

Mr. HALLEY. It doesn't show here. Do you know?

Mr. GOLDSTEIN. If it doesn't show there, then they didn't. It would be included in their distributive share, I believe. Look at the tax return.

Mr. HALLEY. Let's get on to some of these other companies. The time is going by here.

The second was the L. & C. Amusement Co., is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Did that business just flow to you?

Mr. GOLDSTEIN. That is correct.

Mr. HALLEY. As a follow-up on the G. & R.?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Who brought you the information on L. & C.?

Mr. GOLDSTEIN. The same.

Mr. HALLEY. Who would that be, Guarini?

Mr. GOLDSTEIN. Guarini.

Mr. HALLEY. Did they ever tell you the nature of the business?

Mr. GOLDSTEIN. I would assume the nature of the business from looking at the sheet.

Mr. HALLEY. You had to know in order to work out the figures at all?

Mr. GOLDSTEIN. That is correct.

Mr. HALLEY. Did you ever visit the premises and look at it?

Mr. GOLDSTEIN. I recall many years ago, not in the last 3 or 4 years, I recall going there once with my wife, once or twice. I do recall that.

Mr. HALLEY. What was your fee from the first, from the G. & R.?

Mr. GOLDSTEIN. Approximately \$1,500 a year, or \$1,800. You see, it was \$150 a month, but I don't think they operated a whole year in most instances, so it averaged \$1,300 or \$1,400 a year.

Mr. HALLEY. And this is for the whole 5-year period, the \$150 a month?

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. It was never increased?

Mr. GOLDSTEIN. I don't think so. It may have gone up to \$200. Whatever fee is shown on that statement.

Mr. HALLEY. On L. & C., the second company, which your return shows ran from April 1, 1947, to March 31, 1948, Guarini isn't even a partner. How do you explain his bringing you that information?

Mr. GOLDSTEIN. I don't know. As far as I can remember—what is that, 1948?

Mr. HALLEY. Yes, 1947-48. It started April 1, 1947, and ran through to March of 1948. Of course, you also had B. & T. Trading Co. during that period.

Mr. GOLDSTEIN. Those two in the same year?

Mr. HALLEY. Yes. At the same time, B. & T. ran.

Mr. GOLDSTEIN. I am pretty certain it was still Guarini.

Mr. HALLEY. Where are the premises of the G. & R. Trading Co.?

Mr. GOLDSTEIN. I don't know.

Mr. HALLEY. Was that the place at Hasbrouck Heights?

Mr. GOLDSTEIN. I don't know. I couldn't tell you.

Mr. HALLEY. Who is Charles Handler?

Mr. GOLDSTEIN. Charles Handler is an attorney, a good friend of mine.

Mr. HALLEY. How did he get onto this?

Mr. GOLDSTEIN. That is one of those innocent, probably you call a mistake that I made. I remember I was asked that question by Mr. Elich, and I told him at the time—if you look at the return, if you look at the first return, like G. & R., isn't there the address of a partner? Isn't there?

Mr. HALLEY. G. & R. is 109 Roosevelt Avenue.

Mr. GOLDSTEIN. One of those partners lives there.

Mr. HALLEY. That is Guarini, is it not?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Or Lynch?

Mr. GOLDSTEIN. Whoever it is. Whoever lives at 109.

Mr. HALLEY. Then on L. & C., it became in care of Charles Handler, 790 Broad Street, Newark.

Mr. GOLDSTEIN. Yes. At that time, that would be in 1947, I think I had an office at 850 Broad Street. I don't know what happened. The best recollection I can give you is that I probably didn't have an address, and I just used the next best address, not wanting mail to come directly to us. He being a friend of mine, I just used it.

It must be understood, too, Mr. Halley, that is not a mailing address. In other words, ordinarily you assume, when you see a man's name in care of a certain person, that mail is sent there and he would get it, but that isn't so. It is very misleading. The only mail that would come there would be three blank returns from the Government for social security and unemployment, and maybe withholding, something like that. I remember telling the secretary as soon as she gets this mail, whenever it comes, to send it to us. That is the best I can recall. Mr. Handler didn't know what the whole thing was about.

Mr. KOSTELANETZ. Did you do it without his permission?

Mr. GOLDSTEIN. I didn't think there was anything to it, just to receive mail, just three blanks. It may not sound logical, but that is the honest truth.

I remember his girl called me a few times, "What's this?" And I just told her, "If you get this mail, send it to us."

Mr. KOSTELANETZ. I would like to ask you a few questions to clarify my own mind. How many people worked for your company in 1947, '47, '48, and 49, approximately?

Mr. GOLDSTEIN. The average number?

Mr. KOSTELANETZ. The average number.

Mr. GOLDSTEIN. I would say an average of 6 or 8, something like that. Eight.

Mr. KOSTELANETZ. Do you require your employees to file with you time sheets?

Mr. GOLDSTEIN. For a good length of time they did not. Then it was installed, and then it was discontinued. We didn't have that type of system. We don't work by hours or anything like that. In other words, if its is a day, it is put in the day book, and that is that.

Mr. KOSTELANETZ. Do you keep track of the clients that your men work on?

Mr. GOLDSTEIN. Whatever the men work on, yes.

Mr. KOSTELANETZ. They file those sheets with your office?

Mr. GOLDSTEIN. That is taken care of by Maurer. I believe right now they make up a slip for expenses, not for the job, showing the day and the amount of the expense, and that would be the amount of money we pay for the expense. It isn't done at all for the purpose of keeping track of the day. That is done from day to day by the girl in the office.

Mr. KOSTELANETZ. Do you have records in your office showing how much work your men do on the particular jobs?

Mr. GOLDSTEIN. Yes. I would say so, yes.

Mr. KOSTELANETZ. Then you would have records showing the amount of work that your men did——

Mr. GOLDSTEIN. Whatever time was spent by Mr. Diamond would be shown.

Mr. KOSTELANETZ. I see. I think we ought to see those records.

Mr. HALLEY. They will be made available to us?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Please don't give them to anybody in the meantime. For L. & C., between April 1 and March 31, 1948, you reported gross receipts of \$590,185, is that right. If that figure is \$590,185——

Mr. GOLDSTEIN. Whatever you call is correct.

Mr. HALLEY. That is the actual win?

Mr. GOLDSTEIN. It is the net win.

Mr. HALLEY. Yes. It is what they had left at the end of each day, in adding up the day's win, for the year?

Mr. GOLDSTEIN. Are you reading the top figure now?

Mr. HALLEY. The top figure.

Mr. GOLDSTEIN. That is before expenses?

Mr. HALLEY. Yes, the net win.

Mr. GOLDSTEIN. The net meaning—you can have days where there are gains, and some days there are losses. So, technically speaking, the total gain could be \$700,000.

Mr. HALLEY. This is gains less losses?

Mr. GOLDSTEIN. Gains less losses, yes.

Mr. HALLEY. Then you deducted from that, \$449,000 in expenses; is that right, if the return so shows? You took that right off the information that you were given by Guarini?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. You distributed to Lynch \$42,128.10?

Mr. GOLDSTEIN. Whatever it shows.

Mr. HALLEY. If that is what it shows?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And a similar amount to Catena?

Mr. GOLDSTEIN. Whatever it shows.

Mr. HALLEY. And a similar amount to Joe Doto, Adonis?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Moretti got \$14,042.70 out of that; is that correct?

Mr. GOLDSTEIN. Whatever it shows.

Mr. HALLEY. This, also, you understood to be a gambling business?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Was it because of any feeling of guilty knowledge that you put a phony address on for L. & C. Amusement Co.?

Mr. GOLDSTEIN. That is not a phony address.

Mr. HALLEY. It certainly is, care of Charles Handler, 790 Broad Street, Newark, N. J.

Mr. GOLDSTEIN. I wouldn't call it phoney. You have an address. What address did you have the year before?

The CHAIRMAN. Mr. Goldstein, why didn't you put your address on there instead of somebody else's?

Mr. GOLDSTEIN. Senator, I don't know a particular reason. I just probably felt that I was making up tax returns, and probably we shouldn't get any mail direct. I am just thinking. It is hard for me to realize what I had in mind, because we never get any mail direct on any of these jobs, that I know of. That may have been my reason. I don't know the actual reason, Senator. It may not look proper, but the first address used was 109. That was one of the partner's address. When you say "phony address," that is no different than any other address.

Mr. HALLEY. This is an address that had nothing whatsoever to do with the company. In fact, Handler didn't even know you were using it.

Mr. GOLDSTEIN. That is correct.

Mr. HALLEY. Was it good accounting practice to take the partnership shares from a man who wasn't even a partner, Guarini?

Mr. GOLDSTEIN. I don't understand what you mean.

Mr. HALLEY. You say you got your information from Guarini.

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. On the shares to go to each partner; is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. He wasn't even a partner.

Mr. GOLDSTEIN. On the other one, the other company? Which company?

Mr. HALLEY. L. & C.

Mr. GOLDSTEIN. From our standpoint, it was proper. We would take it.

Mr. HALLEY. You never attempted to check with any partner?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Did you ever get a statement in writing from Guarini as to the partnership share?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You never saw any money? You just got sheets of paper?

Mr. GOLDSTEIN. That is right; that is right.

The CHAIRMAN. How did you know these men got these partnership shares?

Mr. GOLDSTEIN. All we could do, Senator, was to make up a balance sheet and profit-and-loss statement, and show the distributive shares, and then have them pick it up on their tax return. How would I know whether they did pick it up, you mean? You only let them know that they have such a share coming.

Mr. HALLEY. How did you let them know?

Mr. GOLDSTEIN. In most cases we would make up, if I remember correctly, we make up a balance sheet and profit-and-loss statement.

Mr. HALLEY. What did you do in the case of the L. & C. Amusement Co.?

Mr. GOLDSTEIN. Made up the statements.

Mr. HALLEY. Did you send a copy to each partner?

Mr. GOLDSTEIN. I don't know whether it was sent or whether it was delivered to him.

Mr. HALLEY. How did you advise the partners of the income on which they had to pay tax?

Mr. GOLDSTEIN. It was either sent to them or Guarini took them along in separate envelopes.

Mr. HALLEY. Let's go on to B. & T. Trading Co., 285 Windsor Road, Englewood, N. J.

Mr. GOLDSTEIN. I don't know. It must be one of the partners there. Will you look at the partnership return and look at some of the addresses?

Mr. HALLEY. You figure it is some of the partners?

Mr. GOLDSTEIN. It must be.

Mr. HALLEY. We will check that later. That is your best recollection?

Mr. GOLDSTEIN. If you will just look at the tax return.

Mr. HALLEY. I don't see it. I don't want to hold it against you. I just don't see it as being anybody's address.

Mr. GOLDSTEIN. There is somebody at 285 Windsor.

Mr. HALLEY. But that is your best recollection?

Mr. GOLDSTEIN. My best recollection is that it is a partner's address.

Mr. HALLEY. There you reported gross receipts, which would be again net win, in the first line, of \$313,531, is that right? You called gross receipts, but it is really net win, isn't that right?

Mr. GOLDSTEIN. It is gross receipts, right.

Mr. HALLEY. For the business, I see you stated "Sporting Enterprise," in each case.

Mr. GOLDSTEIN. Yes. That was the name submitted to us. That is the name we decided to use.

Mr. HALLEY. Is that a fair description of the business?

Mr. GOLDSTEIN. You can call it anything you want.

Mr. HALLEY. That is in effect what you were doing, just ducking the whole issue?

Mr. GOLDSTEIN. There is no ducking.

Mr. HALLEY. Instead of calling it what it was, you called it anything you wanted?

Mr. GOLDSTEIN. When the Government comes around, the books will be available for any examination in prior years. We didn't attempt to hide anything.

Mr. HALLEY. Were you ever examined?

Mr. GOLDSTEIN. I believe so. I am not sure.

Mr. HALLEY. Did you have a record to show on any examinations?

Mr. GOLDSTEIN. We don't keep records.

Mr. HALLEY. For the B. & T., which operated during the same period as the L. & C., from April 1, 1947, to March 31, 1948, you showed a net income of \$123,286, is that correct? That would be after deducting \$190,000 in expenses from the net win.

Mr. GOLDSTEIN. Whatever the return shows.

Mr. HALLEY. The return shows the following figures, which I will read, and I can presume they are correct?

Mr. GOLDSTEIN. Yes, you can.

Mr. HALLEY. J. Doto \$12,328.60. A. Longano \$30,821.50. A. Guarini, \$30,821.50. S. Moretti, \$49,314.40. Making a total of \$123,286 distributed to partners, is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Do you have any doubt that these fellows kept substantial amounts of cash which were never reported to the Government?

Mr. GOLDSTEIN. You mean do I feel——

Mr. HALLEY. From what you know about the nature of the business.

Mr. GOLDSTEIN. You mean beyond what they show on the bank roll?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. You mean, do I personally know?

Mr. HALLEY. No, but from what you know of human nature and from what you know of the gambling business.

Mr. GOLDSTEIN. I couldn't answer that.

Mr. HALLEY. Would you have any doubt that they have kept large amounts of cash?

Mr. GOLDSTEIN. They could or could not. I wouldn't know.

Mr. HALLEY. They were in an illegal business to start with, isn't that right?

Mr. GOLDSTEIN. That is correct.

Mr. HALLEY. Dealing purely in cash?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Giving you such figures as, by their nature, you had no way of checking?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. They count the cash each day and report to you as winnings whatever they put on a piece of paper, is that right?

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. They made no effort to bank any of the money, is that right?

Mr. GOLDSTEIN. No.

Mr. HALLEY. It all went right into their pockets?

Mr. GOLDSTEIN. Incidentally, I think at one time they tried to get banking connections. They tried to get banking connections at one time, and couldn't.

Mr. HALLEY. Why can't you get banking connections? Couldn't they have taken their gross receipts——

Mr. GOLDSTEIN. It just comes back to me.

Mr. HALLEY. Tell us about that.

Mr. GOLDSTEIN. This was brought to the Lincoln National Bank at one time, and they wouldn't accept it. I am pretty sure it was the Lincoln National Bank. Some bank.

Mr. HALLEY. What was brought to them?

Mr. GOLDSTEIN. Just the idea of whether they could bank there.

Senator TOBEY. In other words, the Lincoln National Bank did not want any fellowship with the gambling fraternity, is that right? They said, "Unclean, unclean, and you are taboo. You can't do business with us," is that right?

Mr. GOLDSTEIN. I don't know whether that was the reason.

Senator TOBEY. Too bad income-tax men do not do the same thing.

Mr. HALLEY. How did you work it out with the Mercantile Bank to do the check cashing?

Mr. GOLDSTEIN. Which bank is that?

Mr. HALLEY. The Merchants Banks of New York.

Mr. GOLDSTEIN. I never heard of them.

Mr. HALLEY. Do you know Max Stark?

Mr. GOLDSTEIN. I may have met him once or twice. I don't know.

Mr. HALLEY. Where did you meet him?

Mr. GOLDSTEIN. I don't know.

Mr. HALLEY. Now, look, this is a serious business.

Mr. GOLDSTEIN. I know it is a serious thing. I may have met him once. I don't even know whether I met him. I don't know whether he is short or tall. I don't know him.

Mr. HALLEY. He happens to be the man who cashed all the checks for your principals, isn't he?

Mr. GOLDSTEIN. Yes, that is right.

Mr. HALLEY. Your employers.

Mr. GOLDSTEIN. If you tell me, yes, that is right.

Mr. HALLEY. You say you may have met him. He would have been an important man to you, would he not?

Mr. GOLDSTEIN. No.

Mr. HALLEY. He was their banking connection?

Mr. GOLDSTEIN. Yes. You say so.

Mr. HALLEY. Wasn't he?

Mr. GOLDSTEIN. I don't know. I wouldn't know that.

Mr. HALLEY. Didn't you know that he cashed their checks?

Mr. GOLDSTEIN. No. Stark? I don't know. I don't know whether I knew or not.

Mr. HALLEY. Did you or didn't you?

Mr. GOLDSTEIN. How would I know? Which company is that, L. & C., 1948?

Mr. HALLEY. Any company.

Mr. GOLDSTEIN. What do you mean, "any company"? Some companies have no checks. Most of these companies have no checks.

Mr. HALLEY. Players come in and they get credit, and at the end of the night they write out a check.

Mr. GOLDSTEIN. No. Some of these companies, I think you will find, there are no checks at all.

Mr. HALLEY. In some there are. Let's talk about the ones in which there are.

Mr. GOLDSTEIN. I don't know which they are. I know the last 2 or 3 years, I think the last two companies were purely cash, no checks at all.

Mr. HALLEY. In the companies that dealt with checks, let's take 1948—

Mr. GOLDSTEIN. I don't know whether I would have any reason to know that Stark was cashing checks. I don't know how I would know that.

Mr. HALLEY. How did you know about the Lincoln National Bank attempt to get banking connections?

Mr. GOLDSTEIN. I think Guarini, or something came up at one time with Guarini about seeing if they could get a bank account.

Mr. HALLEY. Did you suggest it would be wise to have a bank account and deposit the money?

Mr. GOLDSTEIN. I think I did at one time, yes.

Mr. HALLEY. Who did you suggest that to?

Mr. GOLDSTEIN. The only one I could is this Guarini.

Mr. HALLEY. Are you testifying here that you never met any of these other people?

Mr. GOLDSTEIN. No, I didn't say that.

Mr. HALLEY. You could have suggested it to the others?

Mr. GOLDSTEIN. I had no occasion to suggest it to the others.

Mr. HALLEY. Have you met all the other partners in these companies?

Mr. GOLDSTEIN. You mean by "meeting"—I have met Joe Doto a few times. That is in the last 6 years. We are talking about the last 6 years now, the total number of times.

Mr. HALLEY. Did you ever thank him for the business?

Mr. GOLDSTEIN. He probably said hello to me, and "have a drink," or something.

Mr. HALLEY. Were you introduced to him as his accountant? Did he know you were doing his accounting?

Mr. GOLDSTEIN. I never discussed that.

Mr. HALLEY. Wasn't there ever any mention made of the accounting or the income taxes?

Mr. GOLDSTEIN. Not with him. I had no reason to discuss anything with him.

Mr. HALLEY. Never at any time?

Mr. GOLDSTEIN. No.

Mr. HALLEY. How about Salvatore Moretti?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Do you know him?

Mr. GOLDSTEIN. I have met him the same way, maybe twice in my lifetime.

Mr. HALLEY. Where did you meet Moretti?

Mr. GOLDSTEIN. I don't know where I met him. I know I met him. I don't know just where I met him. I couldn't definitely say, Mr. Halley, where I met him.

Mr. HALLEY. Where did you meet Doto?

Mr. GOLDSTEIN. Doto, I know I met in Florida. I think that is the first time I met him.

Mr. HALLEY. Where did you see him in Florida?

Mr. GOLDSTEIN. At the Colonial Inn.

Mr. HALLEY. Did you ever see him in Jersey?

Mr. GOLDSTEIN. Jersey where?

Mr. HALLEY. Anywhere.

Mr. GOLDSTEIN. In Jersey?

Mr. HALLEY. Let's get on with the figures.

Mr. GOLDSTEIN. It is only a question of whether I met him once or twice. I wanted to be sure.

Mr. HALLEY. We will get on with the figures, and get back to the general matters.

The next company we take is Pal—how did that get its name, do you know?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Who picked the name?

Mr. GOLDSTEIN. It must have been Guarini. It must have been him.

Mr. HALLEY. You just got figures. Did you pick these names when you filed the returns?

Mr. GOLDSTEIN. No. I—when the return was filed? No. It had to be established before that time.

Mr. HALLEY. How was it established?

Mr. GOLDSTEIN. That would be established in the beginning.

Mr. HALLEY. How?

Mr. GOLDSTEIN. You mean how was the name picked?

Mr. HALLEY. Why does the name have to be established at the beginning?

Mr. GOLDSTEIN. Why would it be?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. You have to file, there is some return you have to file when you start a company, social security, or something like that.

Mr. HALLEY. Did you file their social-security return?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. You kept a list of employees?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And reported to the Social Security?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. On Pal Trading Co., between May 3, 1948, and February 12, 1949—

Mr. GOLDSTEIN. Excuse me. What is that, May to February?

Mr. HALLEY. Yes. Is that right?

Mr. GOLDSTEIN. I just wanted to get the dates.

Mr. HALLEY. Are they right?

Mr. GOLDSTEIN. I don't know. I just wanted to hear the dates.

Mr. HALLEY. That is what your return shows.

Mr. GOLDSTEIN. I want to get it for my recollection.

Mr. HALLEY. Here again, you have in care of Charles Handler, 790 Broad Street. I take it that, again, is fictitious.

Mr. GOLDSTEIN. That is not the proper word. I have given you the circumstances. Whatever the circumstances were at that time, I have explained.

Mr. HALLEY. Let's say it is untrue.

The CHAIRMAN. Unauthorized.

Mr. GOLDSTEIN. Yes, Senator; that is correct. You can call it unauthorized, if you want to; yes.

Mr. HALLEY. Gross receipts, which is the equivalent of net winnings, you reported \$183,197. Would that be correct?

Mr. GOLDSTEIN. You just call them all off.

Mr. HALLEY. Then income, after deducting \$110,795 in expenses, would be \$72,402?

There you distributed to J. Lynch, \$10,860; to J. Doto, \$7,240.20; to A. Guarini, \$10,860.30; to A. Longano, \$7,240.20; to S. Moretti, \$36,201. Is that right?

Mr. GOLDSTEIN. Whatever the figures show.

Does this record indicate that that is based on information submitted to us when you say "correct"? I don't know whether that was indicated before. I just want to make sure it is indicated.

Mr. HALLEY. I think you have said that quite clearly. It is information which you neither checked nor had any opportunity to check?

Mr. GOLDSTEIN. That is correct, see.

Mr. HALLEY. Then the next company is General Trading Co., which accounted between July 4, 1949, and January 19, 1950, is that right?

Mr. GOLDSTEIN. July 1949, to what? January 1950?

Mr. HALLEY. January 19, 1950.

Incidentally, you have mentioned that after 1948, no checks were accepted. Was that the result of the Max Stark indictment?

Mr. GOLDSTEIN. No; I don't think that had anything to do with it.

Mr. HALLEY. They caught up with Max Stark and indicted him, and finally put him in jail, didn't they?

Mr. GOLDSTEIN. I am pretty sure there was no relation.

Mr. HALLEY. Why were no checks accepted?

Mr. GOLDSTEIN. It isn't a question of checks not being accepted. They only dealt in cash.

Mr. HALLEY. Why?

Mr. GOLDSTEIN. I don't know.

Mr. HALLEY. How did you find out?

Mr. GOLDSTEIN. He told me. What I understand of it, there are two types of places: The so-called sawdust place, so people can spit on the floor; and what they call the high-class place. I believe, I am not sure, these two last places were what you would call sawdust places, I have never been in it, but sawdust meaning it is all cash. It couldn't be in check. I don't think there ever has been a check. If any checks are given, they must be cashed somewhere around the place, but they are not part of the betting. The betting is all in cash.

Mr. HALLEY. How did you happen to discuss this matter? I thought all you did was get this sheet of paper.

Mr. GOLDSTEIN. It was just general information.

Mr. HALLEY. Who did you talk to about it?

Mr. GOLDSTEIN. I don't know.

Mr. HALLEY. Who told you they weren't accepting any checks in the last 2 years?

Mr. GOLDSTEIN. I am basing my assumption that the last two places are what they call sawdust places. I am basing on that my assumption there were no checks.

Mr. HALLEY. General Trading Corp., you filed the address as 109 Roosevelt Avenue, Hasbrouck Heights.

Mr. GOLDSTEIN. That must be one of the partners.

Mr. HALLEY. That is Guarini's address?

Mr. GOLDSTEIN. You can see that is an indication you don't see Handler any more. It was corrected after that time.

Mr. HALLEY. Your gross receipts, as you reported them, or net wins, \$282,553; is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. You showed expenses of \$138,907?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And net income of \$143,646?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. You distributed to J. Doto, Joe Adonis, \$43,093.80; is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. If that is what it shows?

Mr. GOLDSTEIN. Whatever it shows. You call them off and I will say, "yes."

Mr. HALLEY. Guarini, \$21,546.90; is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And to S. Moretti, \$50,276.10; is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And to Lynch, J. Lynch, \$14,364.60?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. To A. Longano, \$14,364.60; is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Actually, you have no way of knowing if this distribution was made or not? They split up the cash themselves their own way?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. They did it each day?

Mr. GOLDSTEIN. Split the cash each day?

Mr. HALLEY. Yes. They didn't accumulate it for a year?

Mr. GOLDSTEIN. They would accumulate it and then they would draw—many times during the period there were drawings. That is what he submitted to us, like \$70,000 or \$50,000. That was their distribution.

Mr. HALLEY. You would get a list of the drawings as they accumulated the money?

Mr. GOLDSTEIN. They would say total drawn this day out of the bank roll. We deducted it from the balance, and there would be a net balance at the end of the day. That is the only way we could cover the drawings.

Mr. HALLEY. Then the L. & L. Co. That is care of Joseph Stacher, Twenty-fifth and Russell Place, Newark, N. J. Is he a real person?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Do you know him?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Have you ever seen him?

Mr. GOLDSTEIN. Oh, sure.

Mr. HALLEY. Where?

Mr. GOLDSTEIN. I do his tax-return work.

Mr. HALLEY. How long have you been doing his tax returns?

Mr. GOLDSTEIN. It must be from about 1943 on, either 1943 or 1944 on.

Mr. HALLEY. What business has he been in? You say you know him?

Mr. GOLDSTEIN. Sure. He is in the music-box business.

Mr. HALLEY. Jukebox?

Mr. GOLDSTEIN. Jukebox business.

Mr. HALLEY. Does he have pinball machines?

Mr. GOLDSTEIN. Pinball? Jukebox machines.

Mr. HALLEY. Pinballs are the little game that you shoot the balls. You have seen pinball machines?

Mr. GOLDSTEIN. I don't know what you call, I honestly don't know what you mean by pinball.

Mr. HALLEY. They have a lot of balls you shoot around in the box.

Mr. GOLDSTEIN. And they light up the numbers light up, yes; those kind.

Mr. HALLEY. He is in that business, too?

Mr. GOLDSTEIN. Yes; that is right.

Mr. HALLEY. Does he have slot machines?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You don't know, or the answer is no?

Mr. GOLDSTEIN. The answer is that I don't know.

Mr. HALLEY. Who gave you the information on the L. & L. Co.?

Mr. GOLDSTEIN. When was that, 1947?

Mr. HALLEY. 1947; the Saratoga operation from August 4, 1947, to September 30, 1948.

Mr. GOLDSTEIN. Oh, the bookkeeper gave those.

Mr. HALLEY. Who was that?

Mr. GOLDSTEIN. Seymour Eisen.

Mr. HALLEY. He is the same man who did the bookkeeping for Lansky down in Florida?

Mr. GOLDSTEIN. Yes, sir.

Mr. HALLEY. Did Eisen go up to Saratoga?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. He kept the records up there?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Did you get daily sheets from him, too?

Mr. GOLDSTEIN. No. There it was entirely different. He kept a complete set of records himself. He did everything himself.

Mr. HALLEY. Did he give you the records, or just summaries?

Mr. GOLDSTEIN. It was just summaries. I helped him with the return, and that is all there was to it.

Mr. HALLEY. Did you ever see the records?

Mr. GOLDSTEIN. I believe I did; yes.

Mr. HALLEY. Where was that operation, at the Arrowhead Inn?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Were you ever up there?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. During that summer?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. This is the summer of 1947, is that right?

Mr. GOLDSTEIN. That is right, 1947.

Mr. HALLEY. And also 1948, is that right?

Mr. GOLDSTEIN. No.

Mr. HALLEY. From August 4, 1947, I think your return shows, it ran to September 30, 1948, but they operated only the one summer?

Mr. GOLDSTEIN. They operated only 25 or 26 days.

Mr. HALLEY. In 1947?

Mr. GOLDSTEIN. In 1947.

Mr. HALLEY. You were in Saratoga?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. How many times did you visit the Arrowhead Inn?

Mr. GOLDSTEIN. Two times that summer.

Mr. HALLEY. Did you go into the gambling room and gamble?

Mr. GOLDSTEIN. I rarely ever gamble. I probably stepped in over there.

Mr. HALLEY. Who did you see there? Did you see Meyer Lansky?

Mr. GOLDSTEIN. I believe I did; yes.

Mr. HALLEY. Did you see James Lynch?

Mr. GOLDSTEIN. Yes; I think I did.

Mr. HALLEY. Did you see Stacher?

Mr. GOLDSTEIN. Stacher; yes.

Mr. HALLEY. You saw them all up at the Arrowhead Inn?

Mr. GOLDSTEIN. I did.

Mr. HALLEY. They had many of the same employees they had in New Jersey, is that right?

Mr. GOLDSTEIN. I wouldn't know. If you say so, then they have.

Mr. HALLEY. You wouldn't know that?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You showed gross receipts or net wins of \$183,634, is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. And expenses of \$174,042, with a net income of only \$9,592. Did you ever get an explanation of the small size of the earnings?

Mr. GOLDSTEIN. I asked about it. That is what the operation was. It was just not a profitable operation, that is all.

Mr. HALLEY. You distributed \$4,796 to Stacher; \$2,398 to Lansky; and \$2,398 to Lynch, is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. That Arrowhead place ran wide open, didn't it? I mean, you didn't need a card or an introduction, or anything?

Mr. GOLDSTEIN. You know that.

Mr. HALLEY. You are the witness.

Mr. GOLDSTEIN. All those places operated that way up there.

Mr. HALLEY. Up where?

Mr. GOLDSTEIN. Up at Saratoga. You can go to any of the places and just walk right into them.

Mr. HALLEY. Anybody at any hotel could tell you where you could go to gamble, isn't that right?

Mr. GOLDSTEIN. I wouldn't know about that, but I seem to recall the whole place being wide open. You could hear voices on the street telling about the horses and what not, the whole town. The answer to that question is obvious. It is obvious to me. If you walk along—I don't know what street it is—Broadway, you can hear it on the street there, you can hear the results.

Mr. HALLEY. When did you first work for Meyer Lansky?

Mr. GOLDSTEIN. I first began to do his tax work for the year 1946.

Mr. HALLEY. How did you meet Lansky?

Mr. GOLDSTEIN. I don't know how I met him. I know I knew him a long time ago. I didn't have much dealing with him for many years, but I knew him. I knew him when I was with Cohn.

Mr. HALLEY. Do you know Louis Roth, an accountant in New York?

Mr. GOLDSTEIN. How do you spell it?

Mr. HALLEY. L-o-u-i-s R-o-t-h.

Mr. GOLDSTEIN. Louis Roth?

Mr. HALLEY. You don't know him?

Mr. GOLDSTEIN. I may have met him. I don't know the name. I have no recollection at all of that name.

Mr. HALLEY. You don't remember who introduced you to Lansky?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You began doing the Colonial Inn work?

Mr. GOLDSTEIN. You mean through Lansky?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. The first job I did for Lansky in connection with doing his tax work was Beverly Club. That was the first time.

Mr. HALLEY. In New Orleans?

Mr. GOLDSTEIN. Yes, sir.

Mr. HALLEY. Did you do the return for the club, or just for Lansky?

Mr. GOLDSTEIN. I did the tax work for Lansky, but in connection with his share, his income, he wanted me to go down to Beverly.

Mr. HALLEY. And you went down and looked at their books?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. He wanted to make sure he was getting a fair deal, is that right?

Mr. GOLDSTEIN. Yes, to make sure his taxes were properly paid.

Mr. HALLEY. Had you worked for Colonial Inn before you worked for Lansky?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Did he introduce you to the Colonial Inn work? When did you start on Colonial Inn?

Mr. GOLDSTEIN. That would be in the fall, sometime, in 1946. That was the first time. In other words, the first year that I recall we did the work was for the full year ending in 1947.

Mr. HALLEY. Was it possible that Rutkin introduced you to Lansky? How did you meet all these racketeers?

Mr. GOLDSTEIN. How did I meet them? Rutkin, I met—let's go down the line. Rutkin I met in 1937 when I was with Cohn, when I was with Samuel R. Cohn & Co. I did the Jack Deschie Hotel. I was sent down there to do an assignment. As the man doing the work, I just met him. That was the first man I met.

Lansky, I don't know how I met. I have no recollection of whether I met him in Florida. So that is two.

You say how did I meet all these? I have explained all of these.

Mr. HALLEY. You have done Joe Adonis' work?

Mr. GOLDSTEIN. You mean doing tax return as a partner?

Mr. HALLEY. Yes. How about his Automotive Conveying Co.?

Mr. GOLDSTEIN. I don't do any of his work.

Mr. HALLEY. Didn't you do that work for his Automobile Conveying Co.?

Mr. GOLDSTEIN. No.

Mr. HALLEY. At no time?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You do all of Longie Zwillman's work, don't you?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. What do you do for Zwillman?

Mr. GOLDSTEIN. I haven't prepared his tax return. I started to prepare his tax return in 1948, but—

Mr. HALLEY. Who introduced you to Zwillman?

Mr. GOLDSTEIN. Zwillman and Stacher, I met at one time. That is the first time I ever met the whole group. That is how I got to be in doing what I am now, part of this tax work.

Mr. HALLEY. Tell us about that.

Mr. GOLDSTEIN. I was asked by Stacher, I believe it was, after I left Sam Cohn I think it was, to represent them in a litigation of claims that they had against Reinfeld. That is where it all started. If it hadn't been for that, I probably would be somewhere else today. That is how it started. That is how I got to know Stacher and Zwillman.

Mr. HALLEY. That is this thing that Rutkin is now involved in a tax case about, is that right?

Mr. GOLDSTEIN. That is the thing he is involved in.

Mr. HALLEY. The \$250,000 which he got from Reinfeld?

Mr. GOLDSTEIN. He got 250, and Zwillman got 358, which you know.

Mr. HALLEY. That goes a way back to the old prohibition days?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Maybe you don't know.

You met them all when?

Mr. GOLDSTEIN. You asked the question how I got to know all these people.

Mr. HALLEY. When was that?

Mr. GOLDSTEIN. Really, the first time I ever got to know anybody who amounted to anything was when I represented Zwillman and Stacher in this litigation I just mentioned. That was the start. That was probably my first contact. I was probably 40 years old at the time. I continued to get work from the people that I knew, and I got the work from them in the beginning.

Mr. HALLEY. You don't remember how you met Meyer Lansky?

Mr. GOLDSTEIN. No, that I don't remember.

Mr. HALLEY. Did you ever do any work for Mike Lascari?

Mr. GOLDSTEIN. He is part of the Public Service Co.

Mr. HALLEY. You mean the Public Service Tobacco Co.?

Mr. GOLDSTEIN. For which we do the accounting work. So we automatically do his accounting work.

Mr. HALLEY. That is Zwillman's company, basically, isn't it?

Mr. GOLDSTEIN. He is a 50-percent partner, and Lascari is a 50-percent partner.

Mr. HALLEY. For Zwillman you take care of Public Service Tobacco Co.?

Mr. GOLDSTEIN. That is one.

Mr. HALLEY. Diamond T?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. What is that, General Motors?

Mr. GOLDSTEIN. It is now General Motors.

Mr. HALLEY. Subsidiary?

Mr. GOLDSTEIN. GMC distributor.

Mr. HALLEY. Federal Automatic Co.?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Anything else for Zwillman?

Mr. GOLDSTEIN. Not that I recall.

Mr. HALLEY. You have been doing that since when?

Mr. GOLDSTEIN. Public Service when I first met him. I think that was the first job I got.

Mr. HALLEY. How did you get Manhattan Cigarette Vending Co.?

Mr. GOLDSTEIN. Whenever I got that, whatever years, I must have gotten that through Zwillman.

Mr. HALLEY. Mike Lascari is in that; is that right?

Mr. GOLDSTEIN. He was. He has sold it since.

Mr. HALLEY. Mike Cappola was in that, too?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Wasn't he?

Mr. GOLDSTEIN. Manhattan Cigarette was owned by Lascari up to a point.

Mr. HALLEY. They handled the sale of cigarettes from vending machines; is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. What was the relationship between Mike Cappola and the Manhattan Cigarette Co.?

Mr. GOLDSTEIN. We were doing the accounting work for Manhattan Cigarette, and Mike Lascari sold out to two fellows called—they are

presently partners, and have been in there a year or 2 years. I don't remember the names of the partners.

Mr. HALLEY. Didn't Manhattan Cigarette have a loan from Mike Cappola?

Mr. GOLDSTEIN. That is right.

Mr. HALLEY. Do you know anything about Mike Cappola?

Mr. GOLDSTEIN. No.

Mr. HALLEY. You don't know who he is?

Mr. GOLDSTEIN. I don't know. He may have come down there once. I wouldn't know, myself.

Mr. HALLEY. Were you ever told what business he was in?

Mr. GOLDSTEIN. No. I don't know. Was I ever told what business he is in?

Mr. HALLEY. Yes.

Mr. GOLDSTEIN. No.

Mr. HALLEY. What do you do for Consolidated Television?

Mr. GOLDSTEIN. We haven't done that for years, Mr. Halley.

Mr. HALLEY. When did you do it?

Mr. GOLDSTEIN. I don't know, a couple of years ago we did the work for Consolidated Television, and then they sold out—not sold out, but they lost their money.

Mr. HALLEY. Who was in it?

Mr. GOLDSTEIN. It was Lansky—

Mr. HALLEY. Adonis was in it, too?

Mr. GOLDSTEIN. Yes. Pokrass.

Mr. HALLEY. Louis Pokrass.

Mr. GOLDSTEIN. Louis Pokrass and his family. Wolf, who was a trustee for Frank Costello.

Mr. HALLEY. Costello was in that through Wolf?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Is that George Wolf?

Mr. GOLDSTEIN. Yes.

If you will ask me, I will tell you. I can't recall the others. There are a couple other big ones, not too big. Another salesman in there, a friend of Lansky's. I forget his name.

There is one other person who owned 20 percent in there. He must have owned 20 or 25 percent.

Mr. HALLEY. At least, in Consolidated Television you had Lansky, Adonis, and Costello through Wolf, is that right?

Mr. GOLDSTEIN. That is right.

The CHAIRMAN. Who is Pokrass?

Mr. HALLEY. Who is Pokrass?

Mr. GOLDSTEIN. Louis Pokrass. He was formerly, I think he formerly owned the Cabanet Wine & Spirits Co., which was sold.

Mr. HALLEY. Where were they located?

Mr. GOLDSTEIN. I don't know. They had two big plants. They were big wholesalers in the city.

Mr. HALLEY. Did you ever do any other work for Costello?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Just the Beverly Club and the Consolidated Television?

Mr. GOLDSTEIN. That is all.

Mr. HALLEY. Nothing else?

Mr. GOLDSTEIN. Nothing else.

Mr. HALLEY. Have you had any other accounts with George Wolf?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Or any other business from George Wolf?

Mr. GOLDSTEIN. No.

Mr. HALLEY. What other business have you gotten through Abner Zwillman?

Mr. GOLDSTEIN. I don't know of any other besides those three.

Mr. HALLEY. Are you still doing business for the Beverly Country Club?

Mr. GOLDSTEIN. Yes and no. I don't know.

Mr. HALLEY. When did you last go down there?

Mr. GOLDSTEIN. The early part of this year.

Mr. HALLEY. What month, March?

Mr. GOLDSTEIN. March, February, or March, something like that, 1950.

Mr. HALLEY. Was that in connection with the return for 1949?

Mr. GOLDSTEIN. I think their fiscal year ends in November 1949. I could have been down there either for their fiscal—it could be the next 3 months. I don't know which. I couldn't tell you.

Mr. HALLEY. Did you do any work for O'Rourke and Erickson on the Boca Raton Club?

Mr. GOLDSTEIN. No.

Mr. HALLEY. Have you ever done any work for Erickson?

Mr. GOLDSTEIN. No.

Mr. HALLEY. None of any nature?

Mr. GOLDSTEIN. No. That is the tragedy of it. That is where I got my first publicity.

Mr. HALLEY. What was that?

Mr. GOLDSTEIN. You know, before Hogan's grand jury.

Mr. HALLEY. Tell us.

Mr. GOLDSTEIN. It was nothing. I was called there as a big witness for Erickson, and I think if he stepped on me he wouldn't know me.

Mr. HALLEY. But it so happened you had in your office tax returns involving a lot of his enterprises?

Mr. GOLDSTEIN. That is right, but it had nothing to do with Erickson.

Mr. HALLEY. It had to do with what, Green Acres?

Mr. GOLDSTEIN. Green Acres and Colonial.

Mr. HALLEY. Club Boheme?

Mr. GOLDSTEIN. Boheme; I don't know whether I had any information about Boheme.

Mr. HALLEY. Boheme was a part of Green Acres, wasn't it?

Mr. GOLDSTEIN. Separate.

Mr. HALLEY. Boheme was simply the outlet through which they ran the big, unlimited New York crap game down there, the big crap game that they had at Club Boheme. You have heard of it, haven't you?

Mr. GOLDSTEIN. Yes, I have heard of it.

Mr. HALLEY. Isn't the Club Boheme the vehicle through which that was run?

Mr. GOLDSTEIN. I don't know whether you call it vehicle. They each had part. At one time they were part of Colonial, and at one time they were separate. I can't distinguish them.

Mr. HALLEY. About those Florida enterprises, you got your information from Florida?

Mr. GOLDSTEIN. Florida, yes.

Mr. HALLEY. And then you would make out and file returns?

Mr. GOLDSTEIN. I wouldn't make it out. I would just assist him, and Ben Eisen, his brother. I believe Ben Eisen worked on it, too.

Mr. HALLEY. But you actually filed it?

Mr. GOLDSTEIN. Oh, no. I assisted in the preparation.

Mr. HALLEY. What was your job?

Mr. GOLDSTEIN. Just to assist in the tax return, that is all.

Mr. HALLEY. Eisen had no connection with Beverly Country Club, did he?

Mr. GOLDSTEIN. I don't think so. There is another accountant. You mean the accounting firm?

Mr. HALLEY. Who was that, Charles B. Murphy?

Mr. GOLDSTEIN. That is Murphy & Co.

Mr. HALLEY. They are in New Orleans, is that right?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Do you keep a daily diary for yourself?

Mr. GOLDSTEIN. No, I never did.

Mr. HALLEY. Do you hold any financial interests directly or indirectly for the benefit of Abner Zwillman?

Mr. GOLDSTEIN. Yes, just one.

Mr. HALLEY. What is that?

Mr. GOLDSTEIN. In GMC, when they started that company, he was concerned in his franchise, and I believe he felt if he showed it in his name he wouldn't get the franchise. So a trust agreement was drawn by Charles Handler in which I was the nominee for his stock. When all returns were prepared, no matter what the returns state otherwise, his name was listed as the stockholder, and so forth. So there is no attempt in any way to do anything other than what it was, a trust agreement.

Mr. HALLEY. That is the Diamond T Co., is it not?

Mr. GOLDSTEIN. It is now the GMC.

Mr. HALLEY. That is the distributor for General Motors trucks?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. Did you ever do any business for the Peoples Trucking Co.?

Mr. GOLDSTEIN. No.

Mr. HALLEY. I think that will be all.

The CHAIRMAN. Mr. Goldstein, I am interested in this Consolidated Television. Is that in business now?

Mr. GOLDSTEIN. What happened, Senator, is that originally Lansky and these other people started it, and they started to manufacture these big sets; you remember the ones that first came out for bars and taverns? They thought they would make a lot of money. So they made them, but they were poorly made. They were the distributors. They would set them up, and they were returned.

The first thing you know, whatever the investment was, was all used up for experimental work, and so forth. There came a time when Pokrass wanted more money. He had to have more money by the individual stockholders, and they wouldn't put up any more.

The CHAIRMAN. Pokrass was the operating man?

Mr. GOLDSTEIN. Oh, yes, he was the president. His son was the treasurer, or something.

So he went ahead, what he did was to go ahead with another group, some other pepeople entirely different from these people.

The CHAIRMAN. Do you know who the other people are that he went ahead with?

Mr. GOLDSTEIN. The new firm was Tele King Corp. I understand it is doing very well. But that is his company, his and whoever he is with.

The CHAIRMAN. When did this Consolidated Television go out of business?

Mr. GOLDSTEIN. I believe about 2 years ago, something like that.

The CHAIRMAN. How big an outfit was that? How much money was invested in it?

Mr. GOLDSTEIN. I think about \$150,000, something like that, somewhere around that figure.

The CHAIRMAN. \$150,000 total?

Mr. GOLDSTEIN. Yes. It wasn't enough for that type of business.

The CHAIRMAN. Were they going to manufacture television sets?

Mr. GOLDSTEIN. Yes, actually manufacture them. They had two engineers who claimed that they had a certain new way of making a television set, different from RCA or somebody like that. Then they discovered, after a length of time, that these two fellows were not what they should be.

The CHAIRMAN. Where was their place of business?

Mr. GOLDSTEIN. Twenty-sixth Street.

The CHAIRMAN. Twenty-sixth Street in New York?

Mr. GOLDSTEIN. Near the West Side Highway.

The CHAIRMAN. It was in the city of New York?

Mr. GOLDSTEIN. City of New York. It is on a street between the dock and that—what is that, is that Twelfth Avenue? Somewhere near Twelfth Avenue or Eleventh Avenue, that big Terminal Building.

The CHAIRMAN. How much money did Costello, through Wolf, have in this outfit?

Mr. GOLDSTEIN. I think he had either \$12,000 or \$16,000, something like that, \$18,000.

The CHAIRMAN. Did Costello have an interest in one of the Florida operations and you did the accounting work for them?

Mr. GOLDSTEIN. Not to my knowledge, Senator.

The CHAIRMAN. The Club Boheme?

Mr. GOLDSTEIN. No.

The CHAIRMAN. The Lone Eagle?

Mr. GOLDSTEIN. No.

Mr. KOSTELANETZ. Have you met Costello?

Mr. GOLDSTEIN. I have seen him a few times. I am not what you call friendly with him. I have seen him in public places, something like that. I have seen him once in New Orleans, I believe, and once or twice in New York. That is the extent of my knowledge.

Mr. KOSTELANETZ. Outside of seeing him at places, did you ever sit down and talk with him?

Mr. GOLDSTEIN. No. In New Orleans we may have set at a table. He never discussed any business with me.

The CHAIRMAN. What did you go to New Orleans for?

Mr. GOLDSTEIN. There our firm was representative of Lansky. In connection with his return, he wanted us to go to New Orleans.

The CHAIRMAN. You did the work for the partnership, didn't you, Lansky, Costello? You did the work for the Beverly Country Club?

Mr. GOLDSTEIN. We didn't do the work. There were accountants, and so forth. I just went down there.

The CHAIRMAN. You were Costello's accountant in that case?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. Did you work with Mr. Murphy in getting up these tax returns for the Beverly Country Club?

Mr. GOLDSTEIN. Yes.

The CHAIRMAN. Did Mr. Murphy come up here to see you?

Mr. GOLDSTEIN. I don't recall Murphy coming up here.

The CHAIRMAN. Has he ever been up here to see you?

Mr. GOLDSTEIN. I don't think so.

The CHAIRMAN. How many times have you been down to see him?

Mr. GOLDSTEIN. It depends on the year. The first year, in 1946, I may have been down there once or twice. I think I skipped a year. I went down there for another 6 or 8 months. There was one year in which I went about three times.

The CHAIRMAN. When have you been down last?

Mr. GOLDSTEIN. The early part of this year.

The CHAIRMAN. You knew that Costello had an interest in the Beverly Club?

Mr. GOLDSTEIN. Yes.

The CHAIRMAN. What was the portion of interest of the partners, Phil Kastel and Lansky? How much did each of them own, do you know?

Mr. GOLDSTEIN. Originally, it was a partnership. One of the things I went down there in connection with that tax work was that they converted from a partnership into a corporation.

The CHAIRMAN. Was it an equal partnership, one-third each?

Mr. GOLDSTEIN. No, there were other partners, Senator; a fellow named Rickefor. I don't think I ever met him. I don't know who he is.

The CHAIRMAN. Who was the other partner?

Mr. GOLDSTEIN. Dudley something, I don't know what his second name is, owned about 3 percent.

The CHAIRMAN. Was Carlos Marcello—

Mr. GOLDSTEIN. Yes.

The CHAIRMAN. Was he a partner?

Mr. GOLDSTEIN. Yes.

The CHAIRMAN. Who is Carlos Marcello?

Mr. GOLDSTEIN. I don't know. I have seen him once or twice.

Mr. KOSTELANETZ. You say Dudley is a partner where?

Mr. GOLDSTEIN. In Beverly Country Club.

Mr. KOSTELANETZ. Do you know Dudley's second name?

Mr. GOLDSTEIN. It is Giger-something. Gigerman.

Mr. KOSTELANETZ. Is he related to any of the other people here?

Mr. GOLDSTEIN. I think he is some relation to Costello. I don't know.

The CHAIRMAN. He is a brother-in-law, isn't he, of Costello's?

Mr. GOLDSTEIN. I don't know his relation.

The CHAIRMAN. When was this partnership wound up in corporation form?

Mr. GOLDSTEIN. At the end of the fiscal year 1947, something like that.

The CHAIRMAN. The end of the fiscal year 1947?

Mr. GOLDSTEIN. Yes; sometime in 1947, in October.

The CHAIRMAN. Then when the corporation was formed, who were the stockholders of the corporation?

Mr. GOLDSTEIN. The same ones, except—

The CHAIRMAN. How much of it does Lansky own?

Mr. GOLDSTEIN. You mean today?

The CHAIRMAN. Yes.

Mr. GOLDSTEIN. He is out of it today.

The CHAIRMAN. When did he get out?

Mr. GOLDSTEIN. He sold out in 1948, I believe.

The CHAIRMAN. How much of a partner was he during the days of the partnership?

Mr. GOLDSTEIN. The tax return would show that. Approximately 20 percent, I think, 20 or 25. I don't know the exact figure.

The CHAIRMAN. Do you do the tax work for this Dudley, whatever his last name is?

Mr. GOLDSTEIN. No.

The CHAIRMAN. Or Rickefor?

Mr. GOLDSTEIN. No.

The CHAIRMAN. Anything else?

Boris, do you have any questions?

Mr. KOSTELANETZ. No.

Mr. HALLEY. We would like to test your personal books and the records of your business.

Mr. GOLDSTEIN. What year?

Mr. HALLEY. For the years 1945 to date.

The CHAIRMAN. And, Mr. Goldstein, if we need you any more, the subpoena which has been served on you will be a continuing one without the necessity of serving another one.

Mr. HALLEY. Will the committee instruct the witness that pursuant to that subpoena, he is to produce before the committee his personal books and records, and the records of his business, since 1945?

Mr. GOLDSTEIN. By personal, do you mean the partnership?

Mr. HALLEY. And any of your own business records.

Mr. GOLDSTEIN. I haven't any records.

Mr. HALLEY. Whatever you have.

The CHAIRMAN. That is all right. You are instructed to do that.

When do you want him to do that?

Mr. HALLEY. He can bring them in tomorrow, or we can arrange to have somebody go look at them.

Mr. GOLDSTEIN. That is a lot better.

The CHAIRMAN. Mr. Kostelanetz will let you know who will be there.

Mr. GOLDSTEIN. Will you let me know a day or two in advance? I have to get these things together. I don't know where they are. Some are in New York.

The CHAIRMAN. What other operations in Saratoga did you make out the tax returns for, besides Mr. Lansky's Arrowhead Inn?

Mr. GOLDSTEIN. I don't recall any.

The CHAIRMAN. Do you remember any at all?

Mr. GOLDSTEIN. No. I don't recall any. I was trying to think.

The CHAIRMAN. Did Mr. Lansky operate up there during the 1949 season?

Mr. GOLDSTEIN. Oh, no. It would be in his return.

The CHAIRMAN. What?

Mr. GOLDSTEIN. It would be in his tax return.

The CHAIRMAN. You made them out, did you not?

Mr. GOLDSTEIN. Yes.

The CHAIRMAN. You should remember last year whether he operated.

Mr. GOLDSTEIN. You asked me, and I said "No." You asked me whether he operated, and I said "No." It would be in his return if he did.

The CHAIRMAN. When is the last time he operated?

Mr. GOLDSTEIN. 1947.

The CHAIRMAN. You made out no Saratoga return since that time?

Mr. GOLDSTEIN. No.

The CHAIRMAN. How about James Rutkin? What businesses does he have, do you know?

Mr. GOLDSTEIN. No.

The CHAIRMAN. You make out his return?

Mr. GOLDSTEIN. He just has stock sales he has had in 1 or 2 years. He has had that profit in 1945, I remember. He skipped a year or two. I don't know what he had in 1948, some miscellaneous income. I don't know exactly. I know there is no business.

The CHAIRMAN. Where is he now?

Mr. GOLDSTEIN. In the courtroom being tried, in Newark, for income-tax evasion.

The CHAIRMAN. All right, thank you, Mr. Goldstein.

Mr. ELICH. Make that Tuesday morning, Mr. Goldstein, at 10:30, in your office in Newark.

The CHAIRMAN. All right, sir, we thank you. We are sorry we kept you so late.

(Witness excused.)

The CHAIRMAN. Mr. Lansky, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LANSKY. I do.

TESTIMONY OF MEYER LANSKY, NEW YORK CITY, N. Y.

The CHAIRMAN. How old are you, Mr. Lansky?

Mr. LANSKY. Forty-eight.

May I ask you if this is the subpoena? I want it known on the record that I was subpoenaed.

The CHAIRMAN. Yes, sir; that is the subpoena.

May I ask you, did you bring all these books and records we asked for?

Mr. LANSKY. No.

The CHAIRMAN. How about it?

Mr. LANSKY. I decline, on the ground that it may tend to incriminate me.

The CHAIRMAN. We might as well get started in the regular way.

Mr. HALLEY. What is your full name?

Mr. LANSKY. Meyer Lansky.

Mr. HALLEY. Your address?

Mr. LANSKY. 36 East Thirty-sixth Street, New York City.

Mr. HALLEY. How long have you lived there?

Mr. LANSKY. One year.

Mr. HALLEY. Prior to that, where did you live?

Mr. LANSKY. Prior to that, I lived at 40 Central Park South.

Mr. HALLEY. How long did you live there?

Mr. LANSKY. Maybe 2 years. I am not sure.

Mr. HALLEY. Prior to that, where did you live?

Mr. LANSKY. 211 Central Park West.

Mr. HALLEY. For how long?

Mr. LANSKY. Maybe 4 years.

Mr. HALLEY. Are you married?

Mr. LANSKY. Yes, sir.

Mr. HALLEY. Do you have any children?

Mr. LANSKY. Three children.

Mr. HALLEY. What is your business?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Do you now have any legitimate business?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Under what law would it tend to incriminate you, Mr. Lansky?

Mr. LANSKY. Well, gentlemen, I am being investigated for income tax, and I feel anything may lead or tend to incriminate me.

Mr. HALLEY. Who is investigating you for income tax?

Mr. LANSKY. I guess the Treasury Department.

Mr. HALLEY. Do you know it or do you suspect it?

Mr. LANSKY. From all the rumors and evidence that I read in the newspapers.

Mr. HALLEY. Is it your position that any answers to questions concerning your business would tend to incriminate you?

Mr. LANSKY. That it may tend to incriminate me.

Mr. HALLEY. I advise you that the mere fact that it might tend to incriminate you is not a sufficient answer. If you said it would—

Mr. LANSKY. I guess it would.

Mr. HALLEY. You think it would tend to incriminate you?

Mr. LANSKY. I think so.

The CHAIRMAN. Let us get back now. The question was asked, what business you were in. Did you refuse to answer that question?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. The chairman orders you to answer. Do you refuse to answer?

Mr. LANSKY. I decline to answer for the same reason, sir.

Mr. HALLEY. You were ordered, pursuant to this subpoena, to produce certain books and records, is that right?

The CHAIRMAN. Before you get to that.

Who is your lawyer, Mr. Lansky?

Mr. LANSKY. My lawyer is Mr. Polakoff.

The CHAIRMAN. Is he in New York City?

Mr. LANSKY. Yes.

The CHAIRMAN. Moe?

Mr. LANSKY. Correct.

The CHAIRMAN. Have you advised with your lawyer?

Mr. LANSKY. I did, counsel.

Mr. HALLEY. This is Senator Kefauver.

Mr. LANSKY. Pardon me.

The CHAIRMAN. We, of course, give you an opportunity of having your lawyer here if you want to have your lawyer here.

Mr. LANSKY. I don't think it is necessary.

The CHAIRMAN. You do not want to have your lawyer here? I mean, you advised with him and you know what your answers are going to be?

Mr. LANSKY. That is right.

The CHAIRMAN. Go ahead, Mr. Halley.

Mr. HALLEY. This subpoena orders you to produce certain books and records, is that correct?

Mr. LANSKY. Right.

Mr. HALLEY. Do you have books and records?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. I advise you to consult with your attorney, because the law is that you must produce them. You may refuse, having produced them at the hearing room, to allow the committee to see them; but you must produce them in order to begin to assert your privilege.

Mr. LANSKY. I don't know that, counsel.

Mr. HALLEY. Will you consult with your attorney?

Mr. LANSKY. Yes.

The CHAIRMAN. The chairman orders you to produce them. Do you refuse to produce them?

Mr. LANSKY. He just told me that I should consult with my attorney.

Mr. HALLEY. Until you have consulted, do you persist in your refusal to produce your books and records?

Mr. LANSKY. You asked me to consult my attorney, or did I consult?

Mr. HALLEY. You were asked first, did you, and you said you did.

Mr. LANSKY. Yes.

Mr. HALLEY. You said on the basis of that, you just came in without even bringing with you your books and records?

Mr. LANSKY. That is right.

Mr. HALLEY. You are now asked——

Mr. LANSKY. My attorney told me that I should decline to produce them.

Mr. HALLEY. You are now asked to return, bringing with you the books and records; and then raising the question, after the books and records are physically before this committee, as to whether you must produce them for inspection.

Mr. LANSKY. I see.

Mr. HALLEY. I will ask the committee to instruct you to return with the books and records.

The CHAIRMAN. Yes. You have already been instructed. Your subpoena instructs you to produce the books and records. The chairman

of the committee will now instruct you again to produce the books and records in the morning at 9:30 when the committee meets.

Mr. HALLEY. Do you know Frank Costello?

Mr. LANSKY. Yes.

Mr. HALLEY. How long have you known him?

Mr. LANSKY. Oh, I don't know. Many years.

Mr. HALLEY. More than 10 years?

Mr. LANSKY. I think so. Yes.

Mr. HALLEY. Who introduced you to him?

Mr. LANSKY. I don't remember.

Mr. HALLEY. Do you know Joe Adonis?

Mr. LANSKY. Yes.

Mr. HALLEY. How long have you known him?

Mr. LANSKY. A long time.

Mr. HALLEY. Do you know Frank Erickson?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Jimmie Alo?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Frank Strader?

Mr. LANSKY. I couldn't tell you a lot of people by name. Some people I may know, but I wouldn't remember names.

Mr. HALLEY. Do you know Charles Fischetti?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Rocco Fischetti?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Tony Accardo?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Jack Dragna?

Mr. LANSKY. I think so.

Mr. HALLEY. Do you know John Rosselli?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Phil Kastel?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Tony Gizzo?

Mr. LANSKY. I may have met him.

Mr. HALLEY. Do you know Johnny King?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Mike Cappola?

Mr. LANSKY. Yes.

Mr. HALLEY. Have you had business dealings with any of these people?

Mr. LANSKY. I decline to answer on the ground that it may incriminate me.

Mr. HALLEY. Who is your accountant today?

Mr. LANSKY. Today?

Mr. HALLEY. Who handles your accounting work?

Mr. LANSKY. Goldstein.

The CHAIRMAN. I did not understand.

Mr. LANSKY. George Goldstein.

Mr. HALLEY. I. George Goldstein. Do Eisen & Eisen, of Florida, handle any of your accounts?

Mr. LANSKY. Yes.

Mr. HALLEY. Does an attorney named Murphy handle any of your accounts and work?

Mr. LANSKY. I don't know.

Mr. HALLEY. Did you know Bugsy Siegel?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Mickey Cohen?

Mr. LANSKY. No.

Mr. HALLEY. You do not know Mickey Cohen?

Mr. LANSKY. No; I don't.

Mr. HALLEY. I believe I asked you if you knew Phil Kastel.

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Longie Zwillman?

Mr. LANSKY. Yes.

Mr. HALLEY. Have you ever been in a business involving television?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Have you ever been in the gambling business?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Have you ever been in Saratoga Springs, N. Y.?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Even your presence in the city of Saratoga Springs?

Mr. LANSKY. No; but it may lead, just as I say, through my income tax—

Mr. HALLEY. How would it affect your income tax?

Mr. LANSKY. To questions that may tend to incriminate me, directly or indirectly.

Mr. HALLEY. How would it affect your income taxes whether you had ever been in the city of Saratoga Springs?

Mr. LANSKY. I don't know, but I just want to reserve my privilege and my right not to incriminate myself.

Mr. HALLEY. Will the chairman please instruct the witness to answer the question?

The CHAIRMAN. Mr. Lansky, you are instructed to answer these questions. Can we have the understanding that if, in the opinion of the chairman, any question counsel asks you is not a proper question, I will tell you not to answer it? Otherwise, you are instructed to answer every question that is asked you.

Mr. LANSKY. Yes, sir.

The CHAIRMAN. You understand that?

Mr. LANSKY. Yes, sir.

Mr. HALLEY. Did you ever have an interest in the Flamingo Hotel at Las Vegas?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Were you ever in Las Vegas, Nev.?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Do you know James Lynch?

Mr. LANSKY. Who?

Mr. HALLEY. James Lynch.

Mr. LANSKY. Lynch?

Mr. HALLEY. Yes.

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Joseph Stacher?

Mr. LANSKY. Yes.

Mr. HALLEY. Were you ever in a business with James Lynch or Joseph Stacher?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Do you know Gerald Catena?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Willie Moretti?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Salvatore Moretti?

Mr. LANSKY. Yes.

Mr. HALLEY. Do you know Anthony Longano?

Mr. LANSKY. I don't know if I know him. I may know him if I see him.

Mr. HALLEY. Were you ever in Chicago?

Mr. LANSKY. Was I ever in Chicago?

Mr. HALLEY. Yes.

Mr. LANSKY. Yes.

Mr. HALLEY. Were you ever in the Lexington Hotel in the city of Chicago?

Mr. LANSKY. I don't know.

Mr. HALLEY. Did you know Al Capone?

Mr. LANSKY. I don't know if I ever knew him or not. I may have seen him. I couldn't say if I knew him.

Mr. HALLEY. The Lexington Hotel, if I may refresh your memory, was the Capone headquarters in Chicago. Were you ever at the Capone headquarters at the Lexington Hotel in Chicago?

Mr. LANSKY. No.

Mr. HALLEY. You don't know? You might have been?

Mr. LANSKY. I don't know. I decline to answer that question on the ground that it may tend to incriminate me.

Mr. HALLEY. You are fishing for a reason now.

Mr. LANSKY. I am not fishing for any reason.

Mr. HALLEY. The answer is very simple: Were you ever in the Capone headquarters in Chicago?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Mr. Lansky, the Capone headquarters that we are referring to was back prior to 1935.

Mr. LANSKY. I don't know. All these questions may be leading, and I don't know where——

The CHAIRMAN. Prior to 1935, were you ever in the Capone headquarters in the Lexington Hotel in Chicago?

Mr. LANSKY. I decline to answer, counsel, on the ground that it may tend to incriminate me.

Mr. HALLEY. Were you ever in the Wofford Hotel in Miami Beach?

Mr. LANSKY. Yes.

Mr. HALLEY. Were you ever in the Boulevard Hotel at Miami Beach?

Mr. LANSKY. I don't know. I couldn't say.

Mr. HALLEY. Do you know Abe Allenberg?

Mr. LANSKY. Yes.

Mr. HALLEY. How long have you known him?

Mr. LANSKY. Maybe about 12 years or so.

Mr. HALLEY. Were you ever in the Robert Richter Hotel in Miami Beach?

Mr. LANSKY. I think so.

Mr. HALLEY. When were you last there?

Mr. LANSKY. I don't know. I may have been there last year.

Mr. HALLEY. In the Robert Richter Hotel?

Mr. LANSKY. Maybe.

Mr. HALLEY. Did you stay at the Robert Richter Hotel?

Mr. LANSKY. I never stayed there.

Mr. HALLEY. Where do you stay at Miami Beach? What is the last hotel at which you stayed?

Mr. LANSKY. The last hotel? I didn't stay in any hotel in Miami Beach.

Wait a minute. I stayed at the Last Horizon, or some name like that.

Mr. HALLEY. Were you ever in business with Anthony Guarini?

Mr. LANSKY. Pardon?

Mr. HALLEY. Were you ever in business with Anthony Guarini?

Mr. LANSKY. Anthony—

Mr. HALLEY. Guarini.

Mr. LANSKY. Guarini?

Mr. HALLEY. Guarini, G-u-a-r-i-n-i.

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Were you ever in business with Joseph Stacher?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Were you ever in business with James Lynch?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. You believe that the mere answers to those questions would involve you in an income-tax charge?

Mr. LANSKY. Maybe.

Mr. HALLEY. The answer must be that you think those answers would tend to incriminate you.

Mr. LANSKY. I think it would.

Mr. HALLEY. Do you have any basis for asserting that answer, except the mere allegation?

Mr. LANSKY. I don't know how to answer that in legal terms.

Mr. HALLEY. Were you ever in the premises of the Arrowhead Inn, at Saratoga Springs?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Did you ever hear of the Arrowhead Inn at Saratoga Springs?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Did you ever hear of Saratoga Springs, N. Y.?

Mr. LANSKY. Sure I did.

Mr. HALLEY. Thank you.

Did you ever hear of the Beverly Club in New Orleans?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Were you ever in the Beverly Club in New Orleans?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. Did you ever see Phil Kastel?

Mr. LANSKY. Did I ever see him? Sure, I saw him.

Mr. HALLEY. You know him?

Mr. LANSKY. Yes.

Mr. HALLEY. Did you ever see him in the Beverly Club?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. I think, on the record, I have no further questions, Mr. Chairman.

The CHAIRMAN. Mr. Lansky, prior to 1940, 10 years ago, were you in any business transaction with Frank Costello?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Prior to 1940, were you in any gambling business?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Did you have any business at Saratoga Springs prior to 1940?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. The reason I am putting it in 1940, which I think I should explain to you—you can take my word for this—whether it be an income tax case or a gambling case or anything else, any violation prior to 1940, the statute of limitations would have run against it.

On that basis, with that explanation, do you still refuse to answer these questions about what you did prior to 1940?

Mr. LANSKY. Yes, Mr. Chairman, I still decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Do you know Charles Fischetti?

Mr. LANSKY. Yes, sir.

The CHAIRMAN. Have you ever been in any business transactions with him?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Have you ever been convicted of any offense?

Mr. LANSKY. Have I?

The CHAIRMAN. Yes.

Mr. LANSKY. Yes, sir.

The CHAIRMAN. When and what?

Mr. LANSKY. I was convicted for the Prohibition Act, possession.

The CHAIRMAN. When was that?

Mr. LANSKY. Away back around 1931 or '32.

The CHAIRMAN. What else?

Mr. LANSKY. I was convicted for a gambling offense. That is all I know, unless you have something different.

The CHAIRMAN. You would know whether you have been or not.

Mr. LANSKY. I mean, it is so far back. I only remember the Prohibition Act.

The CHAIRMAN. Have you been convicted in the past 10 years?

Mr. LANSKY. I was convicted here recently, last month.

The CHAIRMAN. I mean aside from this thing last month.

Mr. LANSKY. All that I remember is possession under the Liquor Act.

The CHAIRMAN. On the basis of your refusal to answer, there is not much use asking you any further questions.

Mr. HALLEY. I would like to suggest that he come tomorrow morning.

The CHAIRMAN. The committee will reconvene at 9:30 in the morning, which will give you a further opportunity of again consulting with your lawyer and having him here, if you want to have him here. You have been ordered to bring in the record called for in the subpoena.

Let us give him the subpoena back.

Mr. KOSTELANETZ. May I ask him a short question?

The CHAIRMAN. You will be instructed to come back at 9:30, at the same place, with your records, and with your lawyer if you wish to have him.

Mr. Kostelanetz has two or three questions.

Mr. KOSTELANETZ. Do you know Charles "Lucky" Luciano?

Mr. LANSKY. Yes.

Mr. KOSTELANETZ. How long have you known him, sir?

Mr. LANSKY. A long time.

Mr. KOSTELANETZ. Within the last 2 years, did you have occasion to see him?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

Mr. KOSTELANETZ. Did you go to Italy, sir?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. Have you ever been to Italy?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. When did you see "Lucky" Luciano last?

Mr. LANSKY. I decline to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. All right, Mr. Lansky, that is all. We will see you in the morning at 9:30.

(Thereupon, at 8:10 p. m., a recess was taken until 9:30 a. m., Thursday, October 12, 1950.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

THURSDAY, OCTOBER 12, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

EXECUTIVE SESSION

The committee met, pursuant to recess, at 10 a. m., in room 2804, United States Courthouse, Foley Square, New York, N. Y., Senator Estes Kefauver, chairman of the committee, presiding.

Present: Senators Kefauver and Tobey.

Also present: Rudolph Halley, chief counsel; Boris Kostelanetz, assistant counsel; John F. Elich, Patrick Murray, Thomas E. Myers, and John Murphy, investigators; Nat K. Perlow, of Senator Kefauver's staff; Nathan Frankel, CPA, New York committee staff; and Julius Cahn, administrative assistant to Senator Wiley.

Irving H. Saypol, United States attorney, southern district of New York.

The CHAIRMAN. The committee will come to order.

FURTHER TESTIMONY OF MEYER LANSKY, NEW YORK, N. Y., ACCOMPANIED BY MOSES POLAKOFF, ATTORNEY, NEW YORK, N. Y.

The CHAIRMAN. Mr. Lansky, you were on the stand yesterday.

Mr. LANSKY. Yes, sir.

The CHAIRMAN. And this is?

Mr. POLAKOFF. Moses Polakoff, 475 Fifth Avenue, New York City. The telephone number is Lexington 2-2600.

The CHAIRMAN. I have heard of you. You were in the Luciano case, weren't you?

Mr. POLAKOFF. Yes, sir.

Senator TOBEY. You were counsel for Luciano?

Mr. POLAKOFF. I was.

Senator TOBEY. How did you become counsel for such a dirty rat as that? Aren't there some ethics in the legal profession?

Mr. POLAKOFF. May I ask who you are, sir?

Senator TOBEY. My name is Senator Tobey. That isn't germane to this hearing but just a question of human interest. There are some men beyond the pale. He is one of them.

Mr. POLAKOFF. May I answer?

Senator TOBEY. Go ahead.

Mr. POLAKOFF. I don't want to get into any controversy with you about that subject at the present time, but under our Constitution every person is entitled to his day in court——

Senator TOBEY. I see.

Mr. POLAKOFF. Whether he is innocent or not. When the day comes that a person becomes beyond the pale of justice, that means our liberty is gone. Minorities and undesirables and persons with bad reputations are more entitled to the protection of the law than are the so-called honorable people. I don't have to apologize to you——

Senator TOBEY. I didn't ask you to.

Mr. POLAKOFF. Or anyone else for whom I represent.

Senator TOBEY. I look upon you in amazement.

Mr. POLAKOFF. I look upon you in amazement, a Senator of the United States, for making such a statement.

Senator TOBEY. Let me say something to you. If I were counsel and that dirty rat came in, I would say, "You are entitled to representation but you can't get it from me. I will have no fellowship with you. Get out of my office and find your representation somewhere else."

Mr. POLAKOFF. That is your privilege.

Senator TOBEY. Exactly.

Mr. POLAKOFF. But it is not your privilege to criticize someone else.

Senator TOBEY. I didn't criticize. I asked you why you did it. I asked simply for information.

Mr. POLAKOFF. Because I thought he was entitled to his day in court, and he had his day in court.

Senator TOBEY. I won't say any more. I reserve my opinion.

The CHAIRMAN. Anyway, Mr. Lansky is the witness. Mr. Polakoff is appearing as counsel.

Yesterday we asked Mr. Lansky several questions, many of which he refused to answer. When we left yesterday afternoon we instructed Mr. Lansky to bring the books and records called for in the subpoena and also suggested that he consult again with his counsel and invited him, if he wished to, to bring his counsel with him this morning. And that is the reason you are here.

Mr. POLAKOFF. Yes, sir. Mr. Lansky so informed me.

Mr. HALLEY. Mr. Lansky, the subpoena that was served upon you called for the production of certain books and records, and yesterday you were advised by the committee that it was your duty under the terms of that subpoena to produce those books in court, that is, before the committee, and then if you had any questions of constitutional privilege to assert, you might assert them, but the committee is entitled to the physical production of those books before the constitutional privilege can be raised.

Mr. POLAKOFF. Mr. Halley, I wasn't sure of my grounds. Personally, I think you are wrong. I think there is a difference between books of an association, a corporation, and books of an individual who is subpoenaed and who asserts his constitutional right. I didn't have a chance to check the cases between 10 last night and 8:30 this morning. I advised him for the present, until I had a chance to recheck the subject, that he do not produce the books, and I would

do that most respectfully. I would like the opportunity of considering the subject for as reasonable time as the committee sees fit, and at the next meeting I would be perfectly willing to make a more definite opinion as to whether he should produce them or not. If I think he should, he will, and he will then raise his constitutional rights. But I am of the opinion, based on my general knowledge of the law, but without having made an immediate check, that he need not produce them. So there is no desire to be in contempt of the committee. It is just a desire to reserve my client's rights. I respectfully ask that you defer that question until a reasonable time, until your next meeting. I tried to read the recent cases this morning, the one the Supreme Court decided this May entitled "*U. S. v. Bryan* in the 1949 term, and *U. S. v. Fleischman*." They deal with the very same question, but it didn't cover the subject as an individual. I think under the Wilson case, the old cases, I am right, but I say that with hesitation. I may be wrong.

The CHAIRMAN. The difficulty about the matter is that Mr. Lansky had this subpoena for some time. He was ordered by the subpoena to bring his books in. He didn't do so yesterday. We continued the matter over until this morning. Our hearing in New York is terminating at 3 o'clock or 2:30 this afternoon.

Mr. POLAKOFF. We would be perfectly willing to appear in Washington or any other place.

The CHAIRMAN. Yes, I know. On this basis we would never get through. I am sure you appreciate that.

Mr. POLAKOFF. I do, Senator.

The CHAIRMAN. So we will just have to take the record at the present time that Mr. Lansky continues his refusal to produce the books and records called for.

Mr. POLAKOFF. Senator, I would like the understanding that there is no intent on the part of Mr. Lansky or myself to impede or delay the investigation. I told Mr. Lansky that I was of the opinion that the subpoena served upon him was an invalid one, if he wanted to stall for time, I think it was invalid. It called for a time when the committee was not in session and it had an indefinite date. However, I told him to honor the telegram. It came all of a sudden. I thought he would get a few days' notice where to appear. We usually leave things to the last minute unfortunately in law practice.

The CHAIRMAN. Very well. Mr. Lansky was also asked a number of questions yesterday about business connections he had. Do you continue to refuse to answer those questions?

Mr. LANSKY. Yes, sir.

Mr. POLAKOFF. That is on my advice, sir. Anything associated with his business would incriminate him.

Mr. HALLEY. Before we get into that phase of it, I would like to state, Mr. Polakoff, that in my opinion the subpoena may well cover, if such books do exist, the books of associations, informal unincorporated associations.

Mr. POLAKOFF. If such things exist, if he had those books, I think you would be entitled to them.

Mr. HALLEY. In the absence of the production of any books, the committee is not going to inquire as to what books he might produce if he were inclined to bring any in court.

Mr. POLAKOFF. Mr. Halley, if you will look at the subpoena, you will note that the subpoena calls for his personal records and no others.

Mr. HALLEY. His personal records might include the records of certain partnerships and associations.

Mr. POLAKOFF. I think a partnership would be under the same status as an individual.

Mr. HALLEY. You stated you were unprepared to argue the law.

Mr. POLAKOFF. No, I am not.

Mr. HALLEY. We want to make it perfectly clear that your statement excluding possibly from your argument the books of associations and partnerships, you weren't thereby inferentially excluding them from the subpoena.

Mr. POLAKOFF. No. I meant associations such as were investigated by the committee in the Fleischman case.

The CHAIRMAN. I think we understand one another. Are there any other questions, Mr. Halley?

Mr. HALLEY. Yes.

Mr. LANSKY, were you ever in the city of Saratoga, N. Y.?

Mr. LANSKY. I decline to answer.

Mr. POLAKOFF. You can answer that.

Mr. LANSKY. Yes.

Mr. HALLEY. Were you ever in the Colonial Inn in the city of Saratoga?

Mr. LANSKY. I decline to answer on the ground that it would incriminate me.

Mr. HALLEY. I meant the Arrowhead Inn. Were you ever in the Arrowhead Inn?

Mr. LANSKY. I decline to answer on the ground that it would incriminate me.

Mr. HALLEY. Have you ever stepped inside the premises?

Mr. LANSKY. I decline to answer on the ground that it would incriminate me.

Mr. HALLEY. Have you ever been to Italy?

Mr. LANSKY. Yes.

Mr. HALLEY. When were you in Italy?

Mr. LANSKY. 1949.

Mr. HALLEY. How long were you in Italy?

Mr. LANSKY. I think about 14 days.

Mr. HALLEY. What cities did you visit in Italy?

Mr. LANSKY. I visited Rome, I visited Naples.

Mr. HALLEY. Did you visit any other city?

Mr. LANSKY. No, outside where the boat stopped.

Mr. HALLEY. Did you see Lucky Luciano in Italy?

Mr. LANSKY. I decline to answer on the ground that it would incriminate me.

Mr. HALLEY. What law do you have in mind?

The CHAIRMAN. That is all right. He declines to answer.

Mr. HALLEY. You decline to say whether or not you saw Charles Lucky Luciano in Italy?

Mr. LANSKY. Yes, sir.

Mr. HALLEY. Did you have any business conferences while you were in Italy with anyone?

(Witness and counsel conferring.)

Mr. LANSKY. I didn't have any business conferences with anyone.

Mr. HALLEY. When did you leave the United States in 1949?

Mr. LANSKY. It was late in June. I don't remember the exact date.

Mr. HALLEY. How long were you out of the United States?

Mr. LANSKY. Maybe 2 months.

Mr. HALLEY. Did you travel by boat?

Mr. LANSKY. I traveled by boat. I traveled by plane. I came back by boat.

Mr. HALLEY. You crossed the ocean by boat?

Mr. LANSKY. Yes.

Mr. HALLEY. Where was your first stop in Europe?

Mr. LANSKY. The first—where I got off?

Mr. HALLEY. Yes.

Mr. LANSKY. I got off at Naples.

Mr. HALLEY. How long did you stay in Naples?

Mr. LANSKY. Oh, just a couple of days.

Mr. HALLEY. Did you visit Sicily?

Mr. LANSKY. No. The boat stopped at Palermo for about 6 hours.

Mr. HALLEY. Did you get off the boat?

Mr. LANSKY. I got off the boat and went sightseeing.

Mr. HALLEY. Then you went to Naples. How long did you stay in Naples?

Mr. LANSKY. I don't remember. It was 3 days, or something like that. I went sightseeing with Cook's Tour.

Mr. HALLEY. Capri?

Mr. LANSKY. Capri.

Mr. HALLEY. Did you see Vesuvius?

Mr. LANSKY. No, Vesuvio was dead.

Mr. HALLEY. Did you go to Pompeii?

Mr. LANSKY. Yes.

Mr. HALLEY. You went through Pompeii?

Mr. LANSKY. Yes.

Mr. HALLEY. When you left Naples where did you go?

Mr. LANSKY. To Rome.

Mr. HALLEY. How long did you stay in Rome?

Mr. LANSKY. Maybe 4 or 5 days. I don't remember. I am not definite. Something like that.

Mr. HALLEY. Were you traveling alone or with somebody?

Mr. LANSKY. With my wife.

Mr. HALLEY. Anyone else?

Mr. LANSKY. No one else.

Mr. HALLEY. From Rome where did you go?

Mr. LANSKY. To Nice.

Mr. HALLEY. How long did you stay in Nice?

Mr. LANSKY. I didn't stay in Nice. I stayed in a town a couple of miles away.

Mr. HALLEY. Cannes?

Mr. LANSKY. You've got me. I think it was in Nice. Cannes is the more popular place. I couldn't get in there. I stayed in the other place.

Mr. HALLEY. How long were you there?

Mr. LANSKY. I don't know, a week or a couple of days over.

Mr. HALLEY. Where did you go from Nice?

Mr. LANSKY. I went to Paris.

Mr. HALLEY. How long did you stay in Paris?

Mr. LANSKY. No, I went to Switzerland for a couple of days, and from Switzerland I went to Paris. I waited there until the boat left.

Mr. HALLEY. From Paris you came to the United States?

Mr. LANSKY. That is right.

Mr. HALLEY. Have you been in communication with Charles Luciano within the last month?

Mr. LANSKY. No.

Mr. HALLEY. Have you ever been in New Orleans?

Mr. LANSKY. I decline to answer.

Mr. PALAKOFF. You may answer.

Mr. LANSKY. Yes.

Mr. HALLEY. When were you last in New Orleans?

Mr. LANSKY. I decline to answer on the ground that it would incriminate me.

The CHAIRMAN. I don't think we are getting anywhere with this.

Mr. HALLEY. Let's try a few more.

The CHAIRMAN. As I understand it, Mr. Lansky has informed his counsel about the questions he refused to answer on yesterday, and that is your position today, is that right?

Mr. POLAKOFF. Yes, Senator.

Mr. LANSKY. Yes.

Mr. HALLEY. I would simply like to know if you have ever been in the Beverly Club in New Orleans.

Mr. LANSKY. I decline to answer on the ground that it would incriminate me.

Mr. HALLEY. I won't ask any other questions.

The CHAIRMAN. Did you apply for any permit to operate any place at Saratoga Springs, or join in the application for one?

(Witness conferring with counsel.)

Mr. LANSKY. I decline to answer on the ground that it would tend to incriminate me.

The CHAIRMAN. Well, any further questions, Mr. Kostelanetz?

Mr. KOSTELANETZ. No.

The CHAIRMAN. Mr. Lansky, you will remain under subpoena for this committee without additional subpoena being served on you. I believe this is the copy you gave us yesterday.

Mr. POLAKOFF. Senator, that is perfectly all right, any time and any place. Just give us 1 day's notice.

The CHAIRMAN. Just let me make it clear that we understand we can notify either Mr. Lansky or his attorney and he will appear.

Mr. POLAKOFF. That is correct, sir.

The CHAIRMAN. The subcommittee here, Senator Tobey and the chairman, will recommend to the whole committee that contempt proceedings be instituted against Mr. Lansky.

Mr. POLAKOFF. May I suggest, Senator, unless it is urgent on your part, that you withhold that until the next hearing. I would like to look up the law on the question of the books. I don't mean to be discourteous.

The CHAIRMAN. We would like to give you that opportunity, but, of course, if we ran our inquiry on that kind of basis we would never be finished and we feel we have given Mr. Lansky a very full opportunity, and he has availed himself of it in consulting with his counsel and having his counsel here. So, as matters now stand, we will have

to take the record as it is, and on the basis of this record we have no alternative but to make this recommendation.

Mr. POLAKOFF. That is perfectly all right, sir.

Senator TOBEY. I would like to tell you that I was chief of the criminal division of the United States attorney's office away back in 1921 and 1922, and I think if you reflect—I believe you are a lawyer—you will realize that while you have a right to take whoever you wish as a client, I, under the circumstances, have the right to defend anyone that I want.

Senator TOBEY. I quite agree 100 percent on that without casting any reflections.

Mr. POLAKOFF. It so happens that others, despite their reputation, in the United States Government, did seek also to aid Luciano. Sometimes I accept the decision of the court that he was guilty. When I undertook his defense I believed he was innocent of the crime charged. He may have been a scoundrel in a thousand other ways, but being charged with a crime which after my investigation caused me to believe he was entitled to a defense, I feel that I or any other lawyer—

Senator TOBEY. I think you are honest in your opinion but I told you what I would do. I would tell that scum of the earth to "Get the hell out of here and find a lawyer if you want to. I won't touch the case and want no part of you." That is what I would tell him. You can do what you want to.

Mr. POLAKOFF. That is perfectly all right and that is your privilege. Circumstances, conditions, and time of practice all have some weight in a person's determining what to do. I want to tell you that I am not sorry, sir, that I defended him. I want to tell you that I still believe he was innocent of the crime charged, although I accept the rulings of the court.

Senator TOBEY. There are some men who by their conduct and their life become a stench in the nostrils of decent American citizens, and in my judgment, "Lucky" Luciano stands at the head of the list.

Mr. POLAKOFF. That is probably true, but you forget 1935 and other facts before it in 1950. As we look back in retrospect that was 15 years ago.

Senator TOBEY. Yes.

The CHAIRMAN. For the record, do you practice alone or are you in a partnership?

Mr. POLAKOFF. I am in partnership with my brother, Milton A. Polakoff.

The CHAIRMAN. How long have you been practicing law?

Mr. POLAKOFF. Thirty years.

The CHAIRMAN. All right.

Mr. POLAKOFF. I was assistant United States attorney for the southern district of New York from 1921 to 1925. At the time I quit I was chief of the criminal division. I think I know a little bit about Federal law.

The CHAIRMAN. We are not raising any question about your technical ability.

Mr. POLAKOFF. As long as you asked about me, I wanted to give you a thorough history and if you want to know more about me, you just talk to any judge in the southern district of New York.

The CHAIRMAN. Very well.

STATEMENTS OF SIDNEY SIMANDL, NEWARK, N. J., AND JACK L. COHN, NEWARK, N. J.

The CHAIRMAN. Gentlemen, I am Senator Kefauver, and this is Senator Tobey. What is your name, sir?

Mr. SIMANDL. Sidney Simandl, 24 Brandford Place, Newark.

Mr. COHN. Jack L. Cohn, 835 Broad Street, Newark.

The CHAIRMAN. If you are going to testify, we have a rule of the committee to put all of our witnesses under oath.

Mr. COHN. We have no objection to taking the oath, Senator, but we are rather here to explain the nonappearanace of Mr. Rutkin, who was subpoenaed to appear this morning before the committee.

The CHAIRMAN. Go ahead, Mr. Halley, and let's see what the situation is. Will you please state the reason.

Mr. COHN. Why yes. Maybe we had better go back to some correspondence which we exchanged with the committee some time ago.

Shortly after this subpoena was served on Mr. Rutkin, Mr. Simandl wrote a letter to the Senator explaining that Mr. Rutkin had been subpoenaed on September 21, that Mr. Rutkin was at that time engaged in the preparation of his defense on an indictment which was pending in the Federal District Court for the District of New Jersey. Actually the trial was scheduled to start on October 10, and it has started. We find ourselves in a very delicate situation which I think the committee can appreciate. We realize that any publicity in connection with Mr. Rutkin's appearance before the committee might very materially damage his position before the jury in that trial which is presently going on. There are already some newspaper reports. I intend to show the committee the local papers, and you will find that the stories were appearing in the column right next to the stories reporting the trial, which obviously will have some effect on the jury. We hope it won't be too bad insofar as it has gone at the present time.

Mr. HALLEY. When did the trial start?

Mr. COHN. It started Tuesday, October 10.

Mr. HALLEY. When was Mr. Rutkin notified of the hearing here for Wednesday, October 11?

Mr. COHN. I think he received a wire on the evening of the 9th.

Mr. HALLEY. When was he served a subpoena?

Mr. COHN. On September 21.

Mr. SIMANDL. He wasn't served personally.

Mr. HALLEY. He accepted service?

Mr. SIMANDL. He accepted service.

The CHAIRMAN. What was the date of the service?

Mr. COHN. September 21.

Mr. SIMANDL. I believe he received a letter back from the chief investigator.

Mr. COHN. Just to give the committee the continuity of that, in response to our letter, we received back a letter under the signature of Mr. H. G. Robinson, representing the committee, in which he acknowledged receipt of our letter and the facts therein set forth and said that the situation which confronts your client, James Rutkin, with respect to the trial in the United States district court in New Jersey, which trial is scheduled to start October 10, has been noted, and consideration with respect thereto will be given at the time the date is established for the committee hearings.

Pursuant to this letter and the situation which arose, we conferred with Judge Meany, who is trying the case, and advised him if we felt his appearance was required before the committee we might be in a position where we would have to ask for a mistrial, depending upon the reports in the press resulting from such interview or appearance.

On Tuesday afternoon at about 4:30 while I was with Judge Van Ripper, who is trial counsel in this matter, we received a call from Mr. Myers, who has some connection with the committee—I am not sure just what it is—and as I understand the conversation he advised the judge that in view of the pending situation the committee would not require Mr. Rutkin's appearance until after the trial had been concluded, at least not this morning, but that he would appreciate it if counsel would come here this morning and explain to the committee the reason for the nonappearance.

Mr. SIMANDL. He is willing to go to any jurisdiction to testify, Mr. Halley. If the hearing weren't set in Newark, or New York, he is willing to go to any district to testify that you might desire to call.

The CHAIRMAN. When will the trial be over?

Mr. SIMANDL. We figure at the latest a week from Friday, at the latest, but we don't know what the Government has yet. The first witness is still on the stand, Mr. Reinfeld, being cross-examined. We still have some cross-examination, the State has redirect, that we know of. Just one witness.

Mr. HALLEY. Does Mr. Rutkin intend to be cooperative in his attitude toward this committee? We are trying to find out about the operation of certain gambling partnerships in which Mr. Rutkin participated. The evidence available to the committee is complete in documentary form in view of the fact that it is no secret to you that we have tax data available to this committee and the committee can use it in a proper way and will.

What I would like to know now, if you can answer the question, is does Mr. Rutkin intend to cooperate with the committee by testifying fully about these matters, or are we going to find him coming in here raising his constitutional privilege, which he may have a right to do, and evading answers and otherwise obstructing the committee's investigation?

Mr. SIMANDL. I couldn't, and I don't think he could predict what you want him for until last night. Look at this [indicating newspaper]. Here is the story of the Rutkin case, and then it says:

Links Rutkin to Lodi game. Senate prober charges Newark man operator of gambling place.

The CHAIRMAN. Let's see the names.

Mr. SIMANDL. Who would give him a fair trial over there?

I say I haven't discussed it with him and didn't know the subject of the subpoena until you just mentioned it. I want to say that in preparing the trial we have witnesses coming in from all over the country, coming in any time and any place, and we have to take up the matter of this present trial. Frankly, I haven't spoken to him about the possibilities of this testimony or what it is about. But since you have told us and since the press has published it, it will give us an opportunity, Mr. Halley.

Mr. HALLEY. On the basis of this publicity to this point, are you planning to ask for a mistrial in your case in the Federal court in Newark?

Mr. SIMANDL. Up until last night Judge Van Ripper and I and Mr. Cohn felt it certainly wasn't proper, but I say to you frankly we feel that we have whipped Reinfeld so badly we feel the admonition of the judge will now go with the jury. You know how it is; there is no way of knowing. I don't think at present that we do intend to make such a motion.

In last night's paper in the first edition this story was listed right next to the picture, up closer to the picture, Senator, so no one could neglect reading it.

The CHAIRMAN. Gentlemen, we have no intention and no desire to be unfair to anybody or to prevent your client from getting a fair trial.

Mr. SIMANDL. You see this is even brought up higher, the Lodi story in here, right next to the picture. It is also in this morning's press.

The CHAIRMAN. Suppose I submit to you a two-way proposition. We can have Mr. Rutkin here at executive session with the understanding that no information about his testimony will be given to the press, or if you think it would get out that he did appear and that would be injurious to your defense, we will stipulate that we will call him immediately after his trial is finished. We will agree with you on that.

Mr. SIMANDL. When you say call him immediately after his trial is completed, did you mean that he was to waive all his rights, if any, he has?

The CHAIRMAN. We are not asking him to waive his rights. We would like to know whether he is going to be cooperative or not.

Mr. SIMANDL. That is all right, Senator, as long as his rights are preserved, immediately after the trial is over and you notify us, I assume you will give us 24 hours notice at least.

The CHAIRMAN. Oh, yes.

Mr. SIMANDL. He will appear.

The CHAIRMAN. It will probably be in Washington or perhaps back here or in Philadelphia.

Mr. COHN. The geography won't make any difference.

Mr. SIMANDL. But his rights will be preserved to him if he desires to take advantage of them?

The CHAIRMAN. Is that right, Mr. Halley?

Mr. HALLEY. Yes.

The CHAIRMAN. Then we have stipulation that after 24 hours' notice after the conclusion of the present trial—I am not talking about an appeal or anything of that sort.

Mr. SIMANDL. That is right.

The CHAIRMAN. Whether he is found guilty or is let out, you will produce him and he will testify.

Mr. SIMANDL. When you say testify, subject of course, Senator to—

The CHAIRMAN. That is right, but we want to say this: We are not going to put up with any cantankerousness in his refusing to answer questions unless he has a good and constitutional ground for not answering.

Mr. SIMANDL. All right, Senator, I appreciate that.

Senator TOBEY. What is he charged with in New Jersey in this pending case?

Mr. SIMANDL. Attempting to evade the payment of income tax by filing a fraudulent return.

The CHAIRMAN. For what years is that?

Mr. SIMANDL. 1943. That 1 year. It is just the one count, Senator.

The CHAIRMAN. All right, gentlemen, thank you.

Mr. SIMANDL. May we take the papers?

The CHAIRMAN. Yes.

Mr. DAMEO, do you solemnly swear the testimony you will give the committee will be the whole truth and nothing but the truth, so help you God?

Mr. DAMEO. I do.

TESTIMONY OF PHILIP L. DAMEO, SHORTHILLS, N. J.

Mr. HALLEY. What is your full name?

Mr. DAMEO. Philip L. Dameo.

Mr. HALLEY. Your address?

Mr. DAMEO. 116 Fairfield Drive, Shorthills, N. J.

Mr. HALLEY. What is your occupation?

Mr. DAMEO. My occupation is transportation, motor truck.

Mr. HALLEY. Your company is called the People's Express Co.?

Mr. DAMEO. Since June 1, 1946.

Mr. HALLEY. Is that a partnership or corporation?

Mr. DAMEO. It is a corporation.

Mr. HALLEY. Who are the other stockholders?

Mr. DAMEO. The other stockholders are Gerald Catena, Andrew Aldi, and Francis D. Lacort and myself.

Mr. HALLEY. We have had certain discussions with you in the past, that is representatives of the committee have, concerning the offer of the People's Express to lease the Lewis Building.

Mr. DAMEO. No, the Port Authority Building.

Mr. HALLEY. Did you handle those negotiations with the Port Authority?

Mr. DAMEO. I handled nothing at all with the Port Authority. I spoke to Milton Rosenbloom, who in turn spoke to Donald Spence, and we had lunch one day after the casual conversation. Mr. Rosenbloom wrote a letter to the Port Authority. I have never had any direct negotiations with the Port Authority nor anyone from my firm.

Mr. HALLEY. Did you ever discuss the Port Authority offer or any of its ramifications with Gerald Catena?

Mr. DAMEO. Yes, I did; just casually.

Mr. HALLEY. Would you state what those discussions were?

Mr. DAMEO. The discussion was merely this: That we were growing out of our building and that I was looking for bigger quarters. I told him that I might make an offer to the Port Authority. He said, "Go right ahead."

Mr. HALLEY. Is Spence active in the operation of People's Express?

Mr. DAMEO. Not very active, no. He was spending some time around the place so far as checking some of the drivers was concerned, but other than that he didn't have anything to do with it. We had an understanding when I first went into the business that there would be absolutely no interference so far as the management and operation of the company was concerned.

Mr. HALLEY. How long have you known Catena?

Mr. DAMEO. I have known Catena for approximately 15 or 16 years.

Mr. HALLEY. Have you ever had a business relationship with him before?

Mr. DAMEO. No; I have not.

Mr. HALLEY. What business was he in before he entered the People's Express?

Mr. DAMEO. The only thing that I know that he was in was that he had an interest of some sort with the Marcel Manufacturing Co.

Mr. HALLEY. Do you know what that interest was?

Mr. DAMEO. I don't. I think it was roughly 20 or 25 percent.

Mr. HALLEY. What was the Marcel Manufacturing Co.?

Mr. DAMEO. They are still in business, and they are manufacturers of paper napkins and wax paper and paper products.

Mr. HALLEY. How long was Catena connected with them?

Mr. DAMEO. That I don't know.

Mr. HALLEY. Was he connected with them when you made your association?

Mr. DAMEO. No. He had just left them for some reason or other. I don't know what the reason was.

Mr. HALLEY. Did he invest money in your business?

Mr. DAMEO. Yes; he did.

Mr. HALLEY. How much?

Mr. DAMEO. Approximately \$20,000 or \$22,000.

Mr. HALLEY. He appeared to be a man of substantial means?

Mr. DAMEO. I wouldn't say substantial, because when we were discussing it we thought we were going to need approximately \$30,000 to buy it originally and he asked me to try to get better terms if I could, which I was able to do. The balance of the 50 percent I paid over a period of about 15 months.

Mr. HALLEY. How much did you contribute to the capital?

Mr. DAMEO. Fifty percent of the investment, which was approximately twenty or twenty-two thousand dollars.

Mr. HALLEY. The total investment was \$22,000?

Mr. DAMEO. No; the total investment for the business was approximately \$40,000 or \$45,000, between forty and forty-five thousand dollars.

Mr. HALLEY. You invested half and he invested half?

Mr. DAMEO. Yes, sir.

Mr. HALLEY. Did he give you a check for his \$22,000 or did he give you cash?

Mr. DAMEO. I believe there were three or four checks that were given, all in checks.

Mr. HALLEY. All in checks.

Mr. DAMEO. Yes.

Mr. HALLEY. Do you remember the bank they were drawn on?

Mr. DAMEO. No; I don't; and I don't have those records with me. I believe it was—I think it was the Hillside Bank.

Mr. HALLEY. Hillside, N. J.?

Mr. DAMEO. Yes; Hillside, N. J.

Mr. HALLEY. With the exception of his connection with the Marcel Corp.—

Mr. DAMEO. Yes; Marcel Manufacturing, I believe is the name of the company.

Mr. HALLEY. What other businesses did you know Catena to have been in in the 14 or 15 years you have known him?

Mr. DAMEO. I didn't know him to be in any other business. I just knew him casually up until about 5 or 6 years ago. I became rather friendly with him through playing golf. That is where I became a lot more friendly with him.

Mr. HALLEY. Did you ever meet him in a gambling establishment?

Mr. DAMEO. You mean originally?

Mr. HALLEY. Ever; at any time. Did you ever see him in one?

Mr. DAMEO. Yes; I did.

Mr. HALLEY. Where and when?

Mr. DAMEO. When, I would say it was approximately 4 years ago; 3½ or 4 years ago. The place I don't remember exactly, but I know it was off of Route 6.

Mr. HALLEY. New Jersey?

Mr. DAMEO. In New Jersey

Mr. HALLEY. Bergen County?

Mr. DAMEO. I imagine it was Bergen County. I will tell you how I happened to get there.

Mr. HALLEY. Go ahead.

Mr. DAMEO. I was entertaining some friends in New York, and one of these fellows happened to be from California, and another fellow from Jersey who is a friend of mine. After a few drinks and a little kibitzing around someone suggested finding a place to gamble. I had never known any place, but this fellow from California, who had a lot of friends in New York, knew about it, so we got in his car and drove out there and went into the place. We all had a few drinks, quite a few drinks, as a matter of fact, and I did see Catena at that time.

Mr. HALLEY. Was it a place with which Catena had any connection?

Mr. DAMEO. That I don't know.

Mr. HALLEY. Who is the man from California? What was his name?

Mr. DAMEO. Melvin Rogers.

Mr. HALLEY. In what business is he?

Mr. DAMEO. He was a consulting engineer. He had been out here before for the Lionel Corp. He was out here again on some other consulting engineering business.

Mr. HALLEY. Do you know where Catena is now?

Mr. DAMEO. No. I wish I did, because I would like to catch him as well.

Mr. HALLEY. What is your reason?

Mr. DAMEO. I have reason—this publicity has hurt my business and my family and everyone else.

Mr. HALLEY. I should think it would, and I have been wondering whether when you went into business with him you knew his reputation.

Mr. DAMEO. I did not know his reputation at all.

Mr. HALLEY. You did not?

Mr. DAMEO. No, I did not. As a matter of fact, I told Jack Elich that I was surprised to learn of a lot of these things.

Mr. HALLEY. You must have known him fairly well to have approved him for a large investment.

Mr. DAMEO. I knew in our discussions on the golf course that he sold out his interest so far as Marcel manufacturing was concerned,

and this proposition came along to purchase the People's Express Co.—I was in the transportation business, and still am, where I operate as an individual and where I have operated as an individual for approximately 11 years. I needed some additional capital. Casually I asked him whether or not he would be interested in going into a business.

Mr. HALLEY. Do you belong to the same golf club?

Mr. DAMEO. I belong to one golf club that he belongs to. We were members of another club together, and I think he is still a member but I am not sure. I resigned from there 2 years ago.

Mr. HALLEY. You met him at this golf club you belong to?

Mr. DAMEO. Yes.

Mr. HALLEY. What club is that?

Mr. DAMEO. The Knoll Golf Club.

Mr. HALLEY. Is Catena away on any business involving your company?

Mr. DAMEO. Not involving my company; no.

Mr. HALLEY. When did you last hear from him?

Mr. DAMEO. I would say it was approximately 3 weeks ago.

Mr. HALLEY. What were the circumstances?

Mr. DAMEO. The circumstances were merely this: That I told him that Mr. Elich and Mr. Murray were looking for him.

Mr. HALLEY. Was he in the office at the time?

Mr. DAMEO. No; he wasn't in the office.

Mr. HALLEY. Did you see him or was this a telephone conversation.

Mr. DAMEO. No; I saw him.

Mr. HALLEY. Where did you see him?

Mr. DAMEO. I saw him at my home. It was late one Saturday evening, I would say about 9:30 one Saturday evening.

Mr. HALLEY. Had you telephoned him to come to your home or had he communicated with you?

Mr. DAMEO. He called me and I asked him where he was. He said he was in town and I said, "Jerry, I would like to see you. This thing is causing me no end of embarrassment and I think something should be done about it." He said, "All right, I will take care of it."

Mr. HALLEY. Is this the conversation that took place at your home?

Mr. DAMEO. Yes; it did.

Mr. HALLEY. Did you tell him that Mr. Elich was trying to serve a subpoena on him?

Mr. DAMEO. Yes; I did, and I told him I had been served with a subpoena.

Mr. HALLEY. Did you have the subpoena at that time?

Mr. DAMEO. Yes; I did.

Mr. HALLEY. All he said was "I will take care of it"?

Mr. DAMEO. That is right.

Mr. HALLEY. Did you tell him where he could reach Mr. Elich?

Mr. DAMEO. Yes; I gave him two phone numbers.

Mr. HALLEY. Since then have you heard from him directly or indirectly?

Mr. DAMEO. No; I have not.

Mr. HALLEY. Thank you. No other questions.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No questions.

The CHAIRMAN. Mr. Dameo, when did you say this corporation was formed, the People's Express Co.?

Mr. DAMEO. We bought this old corporation. We bought it in June of 1946. The corporation has been in existence for over 50 years.

The CHAIRMAN. What is the capital stock of the corporation, that is, how much is the corporation worth?

Mr. DAMEO. I truthfully couldn't answer that.

The CHAIRMAN. What is your best estimate about whether it is a million and a half—

Mr. DAMEO. No; at the moment I would say it is worth approximately \$300,000.

The CHAIRMAN. How much of that does Mr. Catena own?

Mr. DAMEO. Fifty percent of that.

The CHAIRMAN. You own the other 50 percent.

Mr. DAMEO. No. I had 50 percent, and I sold 5 percent to my accountant and gave 10 percent to this nephew of mine through marriage, who runs my Avenel office.

The CHAIRMAN. Who is your accountant?

Mr. DAMEO. Andrew V. Aldi.

The CHAIRMAN. What does Mr. Catena do there?

Mr. DAMEO. Mr. Catena's duties were very limited.

The CHAIRMAN. Is he a full-time operator?

Mr. DAMEO. No. He comes and goes.

Senator TOBEY. He goes, apparently.

Mr. DAMEO. Apparently.

The CHAIRMAN. What is his salary per year?

Mr. DAMEO. \$100 a week.

The CHAIRMAN. Plus dividends.

Mr. DAMEO. No; we have declared no dividends at all.

The CHAIRMAN. Surely, Mr. Dameo, since 1946 you must have learned about Mr. Catena's other businesses, haven't you?

Mr. DAMEO. I know that he went into another business at the end of 1948, I believe it was or the beginning of 1949, the Kool-Vent Metal Awning.

The CHAIRMAN. The what?

Mr. DAMEO. The Kool-Vent Metal Awning Co.

The CHAIRMAN. Then you must have known something about his gambling interests, didn't you?

Mr. DAMEO. No; I did not.

The CHAIRMAN. You have never discussed it with him?

Mr. DAMEO. No; I didn't.

The CHAIRMAN. He hasn't called you on the telephone and you haven't been in touch with him in any way?

Mr. DAMEO. No; I haven't.

Senator TOBEY. Did he draw his salary by check or was it paid in cash in the past?

Mr. DAMEO. There is a check made out to him and it is mailed to his home.

Senator TOBEY. Have the checks in the last 2 or 3 weeks come back deposited?

Mr. DAMEO. That I couldn't truthfully answer. I don't know what has happened, but I imagine they have.

The CHAIRMAN. Anything else?

All right, Mr. Dameo.

Mr. DAMEO. I would like to make one request, if I may.

The CHAIRMAN. What is that?

Mr. DAMEO. If there is any possibility of withholding my name from the newspapers I would appreciate it.

The CHAIRMAN. Mr. Dameo, I think there is no possibility of that because after all, you are his partner and it is our duty to try to be as diligent as we can to try to locate Mr. Catena. I frankly think that a fellow who goes into a corporation with a man of this sort just has to take it on the chin. I don't know what else to do.

Mr. DAMEO. I have been taking it on the chin, and I don't feel as though I should keep taking it on the chin. This thing has hurt me no end, and it is going to hurt me a lot more.

The CHAIRMAN. It is pretty difficult to do business with these fellows and not get hurt, Mr. Dameo. That is one of the evils of organized crime and being in partnership or in a corporation with a fellow who is alleged to be in the rackets. I can say that so far as you personally are concerned, we have no derogatory statement to make about you other than the fact that you are a partner in this corporation with him.

Senator TOBEY. Mr. Dameo, if you do happen to run across Mr. Catena in the street or he gets in touch with you, kindly transmit to him the fact that this committee is going to go on and that he expects to live and sooner or later he is going to come before this committee and they are going to keep the wires hot. We are going to have him before us so he might as well come soon as late.

Mr. DAMEO. I would like to see him come before the committee and I would certainly like to get in touch with him myself because I must make some sort of definite move. I started from scratch and worked like the devil to get where I am and I certainly am not going to jeopardize it now. As well as I know, I am sure that he wouldn't want to do anything to hurt me or to hurt anyone else. I know him that way, as a perfect gentleman. That is the only way I ever want to know him.

The CHAIRMAN. It is very hard on his wife and children for him to be away.

Mr. DAMEO. It is.

The CHAIRMAN. She seems to be a conscientious wife. We were favorably impressed by her.

All right, Mr. Dameo, thank you.

Mr. DAMEO. Thank you.

The CHAIRMAN. Mrs. Longano, will you hold up your hand. Will you swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. LONGANO. That is right.

The CHAIRMAN. Mrs. Longano, this is your attorney appearing with you?

Mrs. LONGANO. Yes, sir.

The CHAIRMAN. Will you tell us your name and address, sir?

Mr. ROSENBERG. Theodore Rosenberg, 5 Colt Street, Paterson, N. J.

The CHAIRMAN. All right, Mr. Halley.

TESTIMONY OF MRS. JEAN LONGANO, INGLEWOOD, N. J., ACCOMPANIED BY THEODORE ROSENBERG, ATTORNEY, PATERSON, N. J.

Mr. HALLEY. What is your full name?

Mrs. LONGANO. Jean Longano.

Mr. HALLEY. You are married to Mr. Arthur Longano?

Mrs. LONGANO. That is right.

Mr. HALLEY. What is your address?

Mr. LONGANO. 285 Windsor Road, Englewood, N. J.

Mr. HALLEY. Do you have any business?

Mrs. LONGANO. I am a housewife.

Mr. HALLEY. Does Mr. Longano live there with you?

Mrs. LONGANO. He does; yes.

Mr. HALLEY. Do you have any children?

Mrs. LONGANO. I am bringing up a niece and a nephew for 9 years.

Mr. HALLEY. They live with you?

Mrs. LONGANO. Yes.

Mr. HALLEY. They are living with you now?

Mrs. LONGANO. That is right.

Mr. HALLEY. How long have you been married?

Mrs. LONGANO. A little over 15 years.

Mr. HALLEY. Do you know where Mr. Longano is?

Mrs. LONGANO. No, I don't.

Mr. HALLEY. When did you last see him?

Mrs. LONGANO. This is October. It was around the first of September, I believe. It has been over a month.

Mr. HALLEY. When did you last hear from him directly or indirectly?

Mrs. LONGANO. When he left the house.

Mr. HALLEY. What did he state with regard to his future whereabouts at the time he left the house?

Mrs. LONGANO. We had had a little upsetment because I too have been—well, not well, and his emotional stability is at a very low ebb. Our nerves got sort of taut and he thought he was tearing me down and we didn't want to shoot one another, so he is fighting it out by himself and has been since January.

Mr. HALLEY. Is he ill at the moment?

Mrs. LONGANO. Very much.

Mr. HALLEY. Is he in a hospital?

Mrs. LONGANO. No; not that I know of.

Mr. HALLEY. Or in a sanitarium?

Mrs. LONGANO. Not that I know of. He might—

Mr. HALLEY. You go ahead.

Mrs. LONGANO. No; I have finished.

Mr. HALLEY. I understood from Mr. Elich that you knew where your husband was but felt that you couldn't reveal his whereabouts because it would be injurious to his health.

Mrs. LONGANO. I didn't only tell Mr. Elich that. I told all my friends the same thing, that I knew where he was when I didn't know.

Mr. HALLEY. In fact, you do not know where he is?

Mrs. LONGANO. I do not know.

Mr. HALLEY. Why would you say a thing like that to Mr. Elich?

Mrs. LONGANO. After all, if I say it to my friends—

Mr. HALLEY. Mr. Elich had told you he was an investigator for this committee.

Mrs. LONGANO. Yes; he did.

Mr. HALLEY. He showed you his credentials.

Mrs. LONGANO. No; he didn't.

Mr. HALLEY. He had shown you a subpoena that he had?

Mrs. LONGANO. He hadn't at that time; no.

Mr. HALLEY. He told you he had a subpoena, though?

Mrs. LONGANO. No; he didn't. He said that he wanted to talk to me, to my husband, I believe. He intimated it was in regard to—he wanted to tell me something about the Florida affair.

Mr. HALLEY. What did you say at that time about your husband's whereabouts to Mr. Elich?

Mrs. LONGANO. I told him at that time that I wouldn't tell anyone.

Mr. HALLEY. You said he was under the care of a doctor, I believe.

Mrs. LONGANO. Oh, no; I didn't. He had been under the care of a doctor, yes, and I even sent him to the doctor.

Mr. HALLEY. You referred Mr. Elich to the doctor so he could talk to him.

Mrs. LONGANO. That is right.

Mr. HALLEY. You now say that you were not telling the truth to Mr. Elich when you said you knew where your husband was.

Mrs. LONGANO. I was not telling the truth to Mr. Elich or my friends.

Mr. HALLEY. I might understand the motive for telling your friends, but Mr. Elich was there on official Government business and you knew that, did you not?

Mrs. LONGANO. No; at the time I told him I did not know.

Mr. HALLEY. He wasn't on a social call, was he?

Mrs. LONGANO. Oh, definitely not.

Mr. HALLEY. He explained to you that it was necessary for him to get in touch with your husband in connection with this Government business, is that right?

Mrs. LONGANO. Frankly I don't remember too much about it because I had just gotten up. I was speaking to him from the window. I know he said he was from this committee, I believe he said that. It was only a few minutes' conversation.

Mr. HALLEY. Do you have a bank account, Mrs. Longano?

Mrs. LONGANO. No; I don't.

Mr. HALLEY. Do you have a place in your house where you keep sums of cash?

Mrs. LONGANO. I never have had; no.

Mr. HALLEY. On what have you been living since September 1?

Mrs. LONGANO. On money that I had saved.

Mr. HALLEY. How much money had you saved, how much money did you have on September 1?

Mrs. LONGANO. Well, I don't know how much it was. I think it was a little over—how much? I can't tell you that because I don't remember. It wasn't much, maybe \$500 or something around that vicinity.

Mr. HALLEY. Did you have it in your pocketbook?

Mrs. LONGANO. I had it in my box.

Mr. HALLEY. Your box?

Mrs. LONGANO. Yes.

Mr. HALLEY. At home?

Mrs. LONGANO. No; in a bank.

Mr. HALLEY. You have a safety deposit box?

Mrs. LONGANO. That is right.

Mr. HALLEY. What bank?

Mrs. LONGANO. Commonwealth Trust.

Mr. HALLEY. Where is that?

Mrs. LONGANO. Woodcliff.

Mr. HALLEY. In Woodcliff, N. J.

Mrs. LONGANO. Yes.

Mr. HALLEY. Do you have access to it alone or does your husband have access to that?

Mrs. LONGANO. Just myself.

Mr. HALLEY. But you have no bank account?

Mrs. LONGANO. No.

Mr. HALLEY. Do you have any cash in that box now?

Mrs. LONGANO. No. Maybe about \$20 or \$25.

Mr. HALLEY. As of about September 1 when your husband left, you had about \$500, you say?

Mrs. LONGANO. Well, it must have been more than that because I had some in my bag. I just can't remember until I stop to concentrate, which I couldn't do here, I am sure. I couldn't tell you the exact amount.

Mr. HALLEY. Does your husband have a bank account?

Mrs. LONGANO. No; not that I know of.

Mr. HALLEY. Does he have a safety deposit box that you know of?

Mrs. LONGANO. Not that I know of.

Mr. HALLEY. Have you had any employment in the last 5 years?

Mrs. LONGANO. No.

Mr. HALLEY. He has supported you?

Mrs. LONGANO. Right.

Mr. HALLEY. Does he give you money in cash or in checks?

Mrs. LONGANO. In cash.

Mr. HALLEY. Do you have any servants at home?

Mrs. LONGANO. I have a maid, 1 day a week.

Mr. HALLEY. You have a maid 1 day a week. Do you own an automobile?

Mrs. LONGANO. No. My husband does.

Mr. HALLEY. He owns an automobile?

Mrs. LONGANO. Yes.

Mr. HALLEY. Did he take the automobile with him?

Mrs. LONGANO. No.

Mr. HALLEY. Are you using it?

Mrs. LONGANO. That is right.

Mr. HALLEY. What kind of an automobile is it?

Mrs. LONGANO. A Cadillac.

Mr. HALLEY. What year?

Mrs. LONGANO. 1948.

Mr. HALLEY. Do you own the house you live in?

Mrs. LONGANO. We are paying for it.

Mr. HALLEY. You are paying for it?

Mrs. LONGANO. Yes.

Mr. HALLEY. In whose name is it?

Mrs. LONGANO. Both our names.

Mr. HALLEY. What are the monthly payments on the house?

Mrs. LONGANO. \$112.32.

Mr. HALLEY. Are the children in school?

Mrs. LONGANO. Yes.

Mr. HALLEY. Are they in public or private school?

Mrs. LONGANO. Public.

Mr. HALLEY. It is your position that you have been living on what little money you have accumulated all this time?

Mrs. LONGANO. That is right.

Mr. HALLEY. Your husband has made no effort to get any funds to you since you last saw him?

Mrs. LONGANO. No.

Mr. HALLEY. He just left the house without any word or any arrangements for you?

Mrs. LONGANO. He knew I had a few dollars saved.

Mr. HALLEY. Did you tell him how much you had saved?

Mrs. LONGANO. No.

Mr. HALLEY. Then he didn't know whether you had \$10 saved or \$100 or \$500 or a thousand; is that right?

Mrs. LONGANO. I don't know what he thought, but I am sure he knew I was all right.

Mr. HALLEY. How would he know you were all right?

Mrs. LONGANO. Because I am the saver.

Mr. HALLEY. Has anybody given you any money since then?

Mrs. LONGANO. No.

Mr. HALLEY. Or loaned you any money?

Mrs. LONGANO. No. Well, little loans, but I paid it right back, if I was short or something.

Mr. HALLEY. How much money have you got left?

Mrs. LONGANO. I am at the end of my rope.

Mr. HALLEY. What does that mean?

Mrs. LONGANO. It means I will just have now to find out who my friends are.

Mr. HALLEY. Does that mean that you have not as much as \$50 left?

Mrs. LONGANO. Oh, no. I have more than that.

Mr. HALLEY. Does it mean that you have less than \$100 left?

Mrs. LONGANO. I don't know because my checking account is all balled up.

Mr. HALLEY. You said a little while ago that you have no bank account.

Mrs. LONGANO. We haven't had a savings account. Is that what you meant?

Mr. HALLEY. No.

Mrs. LONGANO. I misconstrued your question. I am sorry. I have a checking account and have it all balled up.

Mr. HALLEY. In what bank?

Mrs. LONGANO. The same as the box.

Mr. HALLEY. How long have you had that checking account?

Mrs. LONGANO. Let's see. About 5 or 6 years, I guess. I can't tell you exactly.

Mr. HALLEY. How much money was in the checking account when your husband left?

Mrs. LONGANO. I can't tell you that either. I don't know exactly.

Mr. HALLEY. You got a statement from the bank at the end of August.

Mrs. LONGANO. That is why I can't tell you, because my checking account is all balled up.

Mr. HALLEY. The bank isn't balled up; is it? You have the statement.

Mrs. LONGANO. I know, but I am fearful that checks haven't come in, and therefore it is over.

Mr. HALLEY. Roughly does your checking account have over a thousand dollars?

Mrs. LONGANO. Oh, no. I think it is something like \$246, they told me.

Mr. HALLEY. Two hundred and forty-six dollars.

Mrs. LONGANO. Yes. I think it is something like that.

Mr. HALLEY. You had that plus the cash.

Mrs. LONGANO. That is what the bank told me, but according to my figuring it was much, much less.

Mr. HALLEY. Have you made any effort to find out where your husband is?

Mrs. LONGANO. No.

Mr. HALLEY. You have made no effort to communicate with him?

Mrs. LONGANO. No, I haven't. I have been telling my friends I know, so naturally I wouldn't ask him where he was.

Mr. HALLEY. Didn't any of them ask you where he was?

Mrs. LONGANO. They have asked me that since January.

Mr. HALLEY. Your husband was home up until September 1.

Mrs. LONGANO. My husband has been away from home more than he has been at home since January.

Mr. HALLEY. On previous occasions did you not know where he was?

Mrs. LONGANO. Yes. I have been unaware of his whereabouts on previous occasions.

Mr. HALLEY. Is that something that has gone on for years? Is that his habit or is that just a recent thing?

Mrs. LONGANO. I wouldn't say it is a habit, no. It is not a habit exactly.

Mr. HALLEY. Do you know Gerald Catena?

Mrs. LONGANO. I do not.

Mr. HALLEY. Do you know Mrs. Catena?

Mrs. LONGANO. I met her yesterday out in the waiting room.

Mr. HALLEY. Do you know Joe Doto?

Mrs. LONGANO. I have met him.

Mr. HALLEY. Do you know Mrs. Doto?

Mrs. LONGANO. I can't hear you.

Mr. HALLEY. Do you know Mrs. Doto?

Mrs. LONGANO. I have also met her.

Mr. HALLEY. Do you know James Lynch?

Mrs. LONGANO. I have met him.

Mr. HALLEY. And Mrs. Lynch?

Mrs. LONGANO. Yes.

Mr. HALLEY. Do you know Mrs. Zwillman?

Mrs. LONGANO. Who?

Mr. HALLEY. Zwillman, Abner Zwillman.

Mrs. LONGANO. No.

Mr. HALLEY. You do not know him?

Mrs. LONGANO. You will have to bear with me. I am a little difficult in my hearing and I am taking eight pain killers a day and so my head isn't quite—so bear with me and speak a little louder if you can, please.

Mr. HALLEY. Do you know Frank Costello?

Mrs. LONGANO. No.

Mr. HALLEY. How many times have you seen Joe Doto?

Mrs. LONGANO. Oh, I can't tell you that. I ate in the same restaurant as he.

Mr. HALLEY. Was he ever in your home?

Mrs. LONGANO. Never.

Mr. HALLEY. Were you ever in his?

Mrs. LONGANO. No. We are not social acquaintances.

Mr. HALLEY. Do you know what business your husband was in?

Mrs. LONGANO. Yes.

Mr. HALLEY. What business?

Mrs. LONGANO. He was manager for Charlie's Grille for the past—I believe almost—15 years in Little Ferry, N. J.

Mr. HALLEY. What is Charlie's Grille?

Mrs. LONGANO. Since a year and a half ago it was sold to Frank Daly of the Meadowbrook.

Mr. HALLEY. Is your husband still manager?

Mrs. LONGANO. No.

Mr. HALLEY. When did he give up that work?

Mrs. LONGANO. When it was sold.

Mr. HALLEY. Did he have any other business?

Mrs. LONGANO. Well, he always has been a commission agent, I know that.

Mr. HALLEY. What kind of commission agent?

Mrs. LONGANO. Well, I know he sold jewelry and cars.

Mr. HALLEY. Did he ever have an interest in any gambling enterprise?

Mrs. LONGANO. I never heard of such a thing; no.

Mr. HALLEY. Were you ever in a gambling house?

Mrs. LONGANO. Never.

Mr. HALLEY. You have never been in an establishment in which there was gambling?

Mrs. LONGANO. Never.

Mr. HALLEY. At no time?

Mrs. LONGANO. Never.

Mr. HALLEY. Mrs. Longano, I must say it is very hard to believe that you don't know your husband's whereabouts, particularly when you told Mr. Elich originally that you did, but you simply wouldn't say it. Have you any further explanation?

Mrs. LONGANO. None whatsoever.

Mr. HALLEY. No other questions, Mr. Chairman.

The CHAIRMAN. As I understand it, you told him that a subpoena was out for him before he left?

Mrs. LONGANO. I told who?

The CHAIRMAN. Your husband.

Mrs. LONGANO. I was unaware of any such thing.

The CHAIRMAN. When was the last time you saw him?

Mrs. LONGANO. It was over 4 weeks ago.

The CHAIRMAN. When did Mr. Elich get in touch with you?

Mrs. LONGANO. I can't tell you that date.

The CHAIRMAN. Was it after your husband had left?

Mrs. LONGANO. Oh, definitely.

The CHAIRMAN. Any questions, Senator Tobey?

Senator TOBEY. No questions.

The CHAIRMAN. All right, Mrs. Longano, thank you.

Mrs. LONGANO. You are quite welcome.

The CHAIRMAN. If you are in touch with your husband I think you might tell him that he is not helping himself by staying away.

Mrs. LONGANO. Well, I am sure he hasn't been evading you since January, and he has been away since January.

The CHAIRMAN. Do you also represent Mr. Longano?

Mr. ROSENBERG. No, I do not.

The CHAIRMAN. You have never represented him?

Mr. ROSENBERG. Once, in the purchase of the home.

The CHAIRMAN. It is just likely you might be in touch with him, and we would be very happy if you would tell him we are looking for him and want him to testify.

Mrs. LYNCH, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. LYNCH. I do.

The CHAIRMAN. Have a seat, Mrs. Lynch, and let the record show that Mr. Theodore Rosenberg, attorney of Paterson, N. J., also represents Mrs. Lynch.

**TESTIMONY OF MRS. VIRGINIA LYNCH, PALISADES PARK, N. J.,
ACCOMPANIED BY THEODORE ROSENBERG, ATTORNEY, PATER-
SON, N. J.**

Mr. HALLEY. What is your address?

Mrs. LYNCH. 65-B Henry Avenue, Palisades Park, N. J.

Mr. HALLEY. How long have you lived there?

Mrs. LYNCH. Say about 8 years.

Mr. HALLEY. You are married to James Lynch?

Mrs. LYNCH. That is right.

Mr. HALLEY. How long have you been married?

Mrs. LYNCH. Ten years.

Mr. HALLEY. Do you have any children.

Mr. LYNCH. One.

Mr. HALLEY. How old?

Mrs. LYNCH. Seventeen months.

Mr. HALLEY. When did you last see Mr. Lynch?

Mrs. LYNCH. A week ago Wednesday, last Wednesday.

Mr. HALLEY. Did you have certain conversations with committee investigators who were seeking to serve a subpoena on Mr. Lynch?

Mrs. LYNCH. No, sir; not at that time, no.

Mr. HALLEY. Have you had since?

Mrs. LYNCH. The following day I did; yes.

Mr. HALLEY. You had none prior to Mr. Lynch's departure?

Mrs. LYNCH. No, sir; not whatsoever.

Mr. HALLEY. Where is he, Mrs. Lynch?

Mrs. LYNCH. I really don't know.

Mr. HALLEY. What did he say about his departure? What did he say he was going to do?

Mrs. LYNCH. When we heard from him the last time he said he would be gone from 2 to 3 weeks.

Mr. HALLEY. Did he say where he was going?

Mrs. LYNCH. No, sir.

Mr. HALLEY. Did he leave you any money?

Mrs. LYNCH. I have money for my household expenses.

Mr. HALLEY. Do you have a bank account?

Mrs. LYNCH. I have a savings account.

Mr. HALLEY. In what bank?

Mrs. LYNCH. In the National Bank of Palisades Park.

Mr. HALLEY. Do you have a checking account?

Mrs. LYNCH. That is a checking account, I am sorry.

Mr. HALLEY. It is a checking account.

Mrs. LYNCH. Yes; a personal checking account.

Mr. HALLEY. Do you have a savings account, too?

Mrs. LYNCH. I don't; no.

Mr. HALLEY. Is that the only account you have?

Mrs. LYNCH. Yes, sir.

Mr. HALLEY. Do you have a safety deposit box?

Mrs. LYNCH. No, sir; I never had one.

Mr. HALLEY. Does your husband have a bank account?

Mrs. LYNCH. I don't know, sir.

Mr. HALLEY. You just don't know?

Mrs. LYNCH. I really don't know that, sir.

Mr. HALLEY. Does he give you money from time to time for household expenses?

Mrs. LYNCH. Weekly.

Mr. HALLEY. Does he give it to you in cash or by check?

Mrs. LYNCH. In cash.

Mr. HALLEY. How much a week does he give you?

Mrs. LYNCH. Well, it varies, about \$100 a week.

Mr. HALLEY. You pay all the household expenses?

Mrs. LYNCH. He takes care of the expenses.

Mr. HALLEY. You just have money for cash outlay around the house?

Mrs. LYNCH. The baby, incidentals that I need.

Mr. HALLEY. Who gives you money for your bank account?

Mrs. LYNCH. That is mine, out of what I can save out of my \$100, I can do with as I please.

Mr. HALLEY. When your husband left, how much money did you have in your bank account?

Mrs. LYNCH. Not in my bank account. I haven't made a deposit. I might have about five or six hundred dollars in cash.

Mr. HALLEY. Did he know that?

Mrs. LYNCH. I don't know whether he did or not.

Mr. HALLEY. I am wondering what provision he made for your welfare.

Mrs. LYNCH. He always knows that I have money around the house.

Mr. HALLEY. Does he habitually leave without telling you where he is going?

Mrs. LYNCH. I would never think to question him as to where he was going.

Mr. HALLEY. Suppose something happened to the baby, suppose you became ill.

Mrs. LYNCH. I have a family. I am not alone.

Mr. HALLEY. There are many things for which you would need your husband. The family isn't a substitute. If the baby becomes ill and a very important decision has to be made about an operation or something.

Mrs. LYNCH. Usually I make them regardless.

Mr. HALLEY. You don't think it is ordinary for a husband to leave without any phone call from time to time or post card at least to say where he is? Do you think that is ordinary?

Mrs. LYNCH. I really don't see anything wrong with his leaving. He has been to Florida, and he has been away from me. It is the same thing.

Mr. HALLEY. When he goes to Florida you know where he is going.

Mrs. LYNCH. Not all the time, no, sir.

Mr. HALLEY. You generally know where you might find him in Florida. You know certain people there.

Mrs. LYNCH. Not all the time, sir.

Mr. HALLEY. You don't even know what State he is in now?

Mrs. LYNCH. Right now? I don't know where he is.

Mr. HALLEY. Did he say he was going on business?

Mrs. LYNCH. The last time I heard, yes, he was.

Mr. HALLEY. The last time you saw him?

Mrs. LYNCH. Yes.

Mr. HALLEY. Did he say it had anything to do with avoiding the subpoena of this committee?

Mrs. LYNCH. No, sir.

Mr. HALLEY. What business is your husband in?

Mrs. LYNCH. That I don't know, sir. All I know is he goes to the track as often as he is well enough to go.

Mr. HALLEY. You mean he spends most of his time at the race track?

Mrs. LYNCH. That is right, sir.

Mr. HALLEY. You didn't know whether he has any regular business at all?

Mrs. LYNCH. No, sir.

Mr. HALLEY. Have you ever been to the race track with him?

Mrs. LYNCH. I have been to the race track, yes.

Mr. HALLEY. Do you know Joe Adonis, Joe Doto?

Mrs. LYNCH. Yes, sir.

Mr. HALLEY. How long have you known him?

Mrs. LYNCH. I don't know him that well, to know how long I have known him, but I know him.

Mr. HALLEY. Did you meet him through your husband?

Mrs. LYNCH. I don't know. I don't even know how I met him.

Mr. HALLEY. Do you know Mrs. Doto?

Mrs. LYNCH. To say hello to; yes.

Mr. HALLEY. Did you know Mrs. Longano?

Mrs. LYNCH. Yes, sir.

Mr. HALLEY. Before you met her here?

Mrs. LYNCH. Oh, yes.

Mr. HALLEY. How long have you known her?

Mrs. LYNCH. Gee, I don't know, sir. I really don't.

Mr. HALLEY. Do you know Anthony Guarini?

Mrs. LYNCH. Yes, sir.

Mr. HALLEY. Do you know Willie Moretti?

Mrs. LYNCH. Yes, sir.

Mr. HALLEY. Do you know Mrs. Moretti?

Mrs. LYNCH. Yes, sir.

Mr. HALLEY. Do you know Salvatore Moretti?

Mrs. LYNCH. Yes.

Mr. HALLEY. Do you know James Rutkin?

Mrs. LYNCH. No.

Mr. HALLEY. R-u-t-k-i-n?

Mrs. LYNCH. No.

Mr. HALLEY. Do you know Abner Zwillman?

Mrs. LYNCH. No.

Mr. HALLEY. Have you been in Florida with your husband?

Mrs. LYNCH. Yes; 1945, I think.

Mr. HALLEY. 1945?

Mrs. LYNCH. Yes.

Mr. HALLEY. Where did you stay in Florida, what hotel?

Mrs. LYNCH. I think we stayed at the Wofford.

Mr. HALLEY. At the Wofford Hotel?

Mrs. LYNCH. Yes.

Mr. HALLEY. With Mr. Allenberg?

Mrs. LYNCH. Pardon?

Mr. HALLEY. With Mr. Allenberg? Abe Allenberg?

Mrs. LYNCH. Oh, I don't know. I have stayed at many hotels and never knew the manager.

Mr. HALLEY. Who chose the Wofford Hotel?

Mrs. LYNCH. Pardon?

Mr. HALLEY. Who chose the Wofford Hotel as the place to stay?

Mrs. LYNCH. I don't know, sir.

Mr. HALLEY. Your husband made the arrangements?

Mrs. LYNCH. Oh, yes; I suppose he did.

Mr. HALLEY. Have you been to Florida since 1945, Mrs. Lynch?

Mrs. LYNCH. No.

Mr. HALLEY. Do you know Frank Costello?

Mrs. LYNCH. No.

Mr. HALLEY. Do you know Frank Erickson?

Mrs. LYNCH. No.

Mr. HALLEY. Do you know a man named Bert Griggs?

Mrs. LYNCH. No.

Mr. HALLEY. Or Frank Strader?

Mrs. LYNCH. No.

Mr. HALLEY. No other questions.

The CHAIRMAN. Any questions, Mr. Kostelanetz or Senator Tobey?

Senator TOBEY. You said you wouldn't think of asking your husband where he was going. Has that been your attitude all through your married life? He would go off alone, and you wouldn't ask him where he was going or show any interest in where he was?

Mrs. LYNCH. Yes, sir; I feel that we have lived that way. He is gone. I mean I trust him enough not to question him as to what he does or where he goes.

Senator TOBEY. That is all.

The CHAIRMAN. How old are you, Mrs. Lynch?

Mrs. LYNCH. Thirty-two.

The CHAIRMAN. How old is he?

Mrs. LYNCH. Forty-six, I think.

The CHAIRMAN. You just got out of school when you were married or had you worked before?

Mrs. LYNCH. No; I really had just got out of school. I was quite young when I was married.

The CHAIRMAN. You are a native of what place?

Mrs. LYNCH. New York City.

The CHAIRMAN. Did I understand you to say that you don't know whether he knew that there was a subpoena out for him, or not to appear before this committee?

Mrs. LYNCH. I know exactly as you do, nothing, honestly.

The CHAIRMAN. He just came and said he was leaving and he wasn't going to tell you where he was going?

Mrs. LYNCH. That is exactly so.

The CHAIRMAN. Did you ask him where he was going?

Mrs. LYNCH. I didn't question him.

The CHAIRMAN. You didn't ask him why he was leaving?

Mrs. LYNCH. No; I didn't, sir.

The CHAIRMAN. Mrs. Lynch, it is very strange indeed that you would have no idea where your husband went and didn't ask him where he was going. It is a very unusual situation, you will admit, won't you?

Mrs. LYNCH. Not after living this way for 10 years, I shouldn't think so.

The CHAIRMAN. Suppose you wanted to get in touch with him very badly about an emergency, who would you call?

Mrs. LYNCH. I just don't know.

The CHAIRMAN. All right, Mrs. Lynch. Maybe we will want to call you back again to see if you have any further information, so you will remain under subpoena.

Mrs. LYNCH. Yes, sir.

The CHAIRMAN. That also goes for Mrs. Longano.

Mr. ROSENBERG. Very well, sir.

The CHAIRMAN. That is all for the present; you are excused.

Mr. BRUNO, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BRUNO. I do.

The CHAIRMAN. Sit down, Mr. Bruno.

TESTIMONY OF ANDREW PATIO BRUNO, NEW YORK, N. Y.

Mr. HALLEY. I understand you run a good restaurant, Mr. Bruno; is that right?

Mr. BRUNO. I do, and I am very proud of it.

Mr. HALLEY. What is the address?

Mr. BRUNO. 24 West Fifty-fifth Street, New York City.

Mr. HALLEY. It is called Patio Bruno?

Mr. BRUNO. Yes.

Mr. HALLEY. What is your full name?

Mr. BRUNO. Andrew Bruno.

Mr. HALLEY. What is your address, your residence address?

Mr. BRUNO. 5 West Sixty-fifth Street.

Mr. HALLEY. How long have you had the Patio Bruno?

Mr. BRUNO. I would say 15 months now. I opened last May 14, sir.

Mr. HALLEY. Who furnished the capital?

Mr. BRUNO. I did, sir.

Mr. HALLEY. Solely, all by yourself?

Mr. BRUNO. Yes, sir; out of my savings, and I borrowed some money from the boys who are working for me today, say about three or four thousand dollars. Last spring I needed additional capital to refund these loans I had made to these people, so I sold 49 percent of the stock to a very nice gentleman from New York City. I will be glad to tell you the name, but I wish to goodness you would hold it because he is an honorable gentleman and he is an attorney, practicing, and his name is Mr. William Fullen.

Mr. HALLEY. He is an attorney in New York City?

Mr. BRUNO. Yes, sir. He is former chairman of the board of transportation or commission of transportation.

Mr. HALLEY. In New York City?

Mr. BRUNO. Yes. I knew him. He liked me a lot and loaned me the money. In other words, he bought the stock. That is the only money I borrowed that is big money.

Mr. HALLEY. How much money did you get from him?

Mr. BRUNO. \$7,500.

Mr. HALLEY. \$7,500.

Mr. BRUNO. Yes, sir.

Mr. HALLEY. How much of your own money is invested in the restaurant?

Mr. BRUNO. My own money, about \$9,000, and I borrowed the additional \$3,000 from these fellows.

Mr. HALLEY. From men who work for you?

Mr. BRUNO. Yes, sir.

Mr. HALLEY. You got no credit from any other source?

Mr. BRUNO. No, sir; no, sir. Credit I could get from all over town as far as groceries and butcher things like that are concerned. I have a very good credit rating, and I didn't need any money. You see, sir, the restaurant was fully equipped when I took it, and the Astor Hotel, who own it leased it to me on a percentage basis. Therefore, it did not require any amount of capital at all. I only wanted to make a few little alterations. I could have opened as it was with everything, dishes, silver, chairs, kitchen, stoves, ice boxes, cooling system. You see it had been in operation by the Union News Co.

Mr. HALLEY. You took it on a lease.

Mr. BRUNO. On lease.

Mr. HALLEY. From whom?

Mr. BRUNO. From Douglas Gibbs & Co.

Mr. HALLEY. Who owns the property?

Mr. BRUNO. William Waldorf Astor, of England, but it is administered by the trustees, the Farmers Trust Co. They are the landlord.

Mr. HALLEY. Mr. Fullen is not representing any other people in his ownership?

Mr. BRUNO. No.

Mr. HALLEY. Absolutely it is his own investment so far as you know?

Mr. BRUNO. So far as I know, yes; because I know perfectly well that it is his money.

Mr. HALLEY. So Patio Bruno has no connection with any of the people you used to work for?

Mr. BRUNO. I am sorry to admit I have been quite a bit humiliated about it and it has hurt my business quite a lot, because I have a very, very wonderful following, and on that basis I opened the restaurant. If I may ask, sir, your kind indulgence not to have my name put in the paper.

Mr. HALLEY. That will depend on the committee and on what the testimony develops.

Mr. BRUNO. I mean, sir, I have nothing to hide. I have voluntarily made my statement. I am more than cooperative. I am open at all times. I have one son, a wife and mother. I only pay \$50 a month rent. So I haven't been able to save money. I am not the big shot people think I am. But I like to work, honestly.

Mr. HALLEY. Were you born in Italy?

Mr. BRUNO. Yes, sir; in Genoa.

Mr. HALLEY. When did you come to this country?

Mr. BRUNO. I came here about 1923 the first time.

Mr. HALLEY. And you are a citizen?

Mr. BRUNO. Oh, yes.

Mr. HALLEY. When did you become a citizen?

Mr. BRUNO. Let's see. I imagine in 1945 or 1946, the final papers.

Mr. HALLEY. When did you first apply for citizenship?

Mr. BRUNO. In 1940.

Mr. HALLEY. You started working as a waiter when you came to this country?

Mr. BRUNO. What, sir?

Mr. HALLEY. As a waiter.

Mr. BRUNO. I worked as a waiter.

Mr. HALLEY. Did you do other work?

Mr. BRUNO. Yes; Madison Hotel, I worked at the Waldorf, the Rose Clinton Farm, Bathing and Tennis Club, the Embassy Club in Miami, the Hollywood Beach Hotel in Miami. I built the Riverside for a French concern. I worked at the Park View Hotel, and the Barbizon Plaza 3 years. Where else? Delmonico—

Mr. HALLEY. In 1944 toward the end of the year you went to work for James Lynch, is that right?

Mr. BRUNO. That is right.

Mr. HALLEY. What were the circumstances?

Mr. BRUNO. I had just finished the season at the Surf Club, Miami Beach, which is one I didn't mention, the best club down there. I came north and I met a man by the name of Sue, that is all I know about.

Mr. HALLEY. Where did you meet him previously?

Mr. BRUNO. In front of the Taft Hotel. He said, "What are you doing?" and I said, "Nothing." He said, "All right."

Mr. HALLEY. Had you known him before?

Mr. BRUNO. No, no. I was introduced by another restaurant man by the name of Bruno Trebbe, who no longer is in operation today.

Mr. HALLEY. Who introduced you to Sue?

Mr. BRUNO. This fellow Trebbe, Bruno Trebbe.

Mr. HALLEY. Was it by any chance Sue Katz?

Mr. BRUNO. It could be, but I never knew the second name.

This man, Dave High at the golf club they took me to Lodi for about 3 months.

Mr. HALLEY. Let's get back to Sue.

Mr. BRUNO. All right.

Mr. HALLEY. Somebody introduced you to him in front of the Taft Hotel?

Mr. BRUNO. That is right, and he came from Newark. Nothing was said any more, see. I didn't work that summer, I don't think. I am sure I didn't. Around October Dave High contacted me.

Mr. HALLEY. Had you known Dave High?

Mr. BRUNO. I met him along with Sue. He said would I go to Caldwell to open this restaurant. So I took a ride to Caldwell and who did I see but an old maître d'hôtel by the name of Charles Journal. We had known each other before because he used to be a big shot maître d'hôtel here in town. Apparently he was retired. He owned this house. So I said what is going on. He said we are doing the alteration and are going to open a nice first-class restaurant. I understand you are going to be the head waiter. I said I understood so. But apparently they took a club charter without anyone knowing it and signed my name in Trenton. After—I think it was Christmas Eve—we were ordered to close.

Mr. HALLEY. In 1944?

Mr. BRUNO. I think it was 1944, sir.

Mr. HALLEY. What were you running up to that point, a gambling place there?

Mr. BRUNO. No; I was running a dining room.

Mr. HALLEY. Just the dining room?

Mr. BRUNO. Oh, sure.

Mr. HALLEY. Why were you ordered to close?

Mr. BRUNO. Mr. High says, "Tell your waiters and cooks to go home, and we are closing up."

Mr. HALLEY. Who ordered them to close?

Mr. BRUNO. I don't know.

Mr. HALLEY. You mean they just decided to close?

Mr. BRUNO. I think so.

Mr. HALLEY. I see.

Mr. BRUNO. For some reason or other, I don't know. You see, we never were allowed to know anything about those things.

Mr. HALLEY. Then what happened? Did you go back to work there later?

Mr. BRUNO. Oh, no.

Mr. HALLEY. Never again?

Mr. BRUNO. Because I was indicted at Morristown.

Mr. HALLEY. For what?

Mr. BRUNO. For running a gambling room and a disorderly house. Of course nothing surprised me more than that because, gee, I don't know anything about it.

Mr. HALLEY. You mean you never saw any gambling there?

Mr. BRUNO. Not actually because, you see, they have a door on the side and they have a doorman. I saw him here the other day, I mean yesterday.

Mr. HALLEY. Who was that?

Mr. BRUNO. George Keller, I think that is his name. Whether he was at Caldwell or not I don't recall, but he is one of the doormen at Lodi. We never were allowed inside.

Mr. HALLEY. You knew what was in there?

Mr. BRUNO. I imagined what was there, sure. It was a gambling casino, of course. There is no two ways about it, but you see we were never even close to it.

Mr. HALLEY. What connection did you have with James Lynch at Caldwell?

Mr. BRUNO. He told me to run the dining room and feed the croupiers and the kitchen and therefore I did. This man Sue and this man High used to bring the food. They did the buying. I didn't even do that. We did the serving. There were about 65 chairs. We would serve probably 100 dinners at a time.

Mr. HALLEY. Did you charge for the meals?

Mr. BRUNO. No, sir.

Mr. HALLEY. That was a strange circumstance, wasn't it?

Mr. BRUNO. Yes; but those were the orders that Mr. Lynch gave us.

Mr. HALLEY. When you were brought to court you pleaded guilty, did you not, to the charges?

Mr. BRUNO. No, sir. My attorney took me down to Morristown and I gave myself up immediately, and when the trial came up it was nolle prossed.

Mr. HALLEY. You were nolle prossed?

Mr. BRUNO. Yes. The judge never even questioned me. He knew what the story was.

Mr. HALLEY. You were never convicted?

Mr. BRUNO. No, sir.

Mr. HALLEY. You have never been convicted of a crime at no time in your whole life?

Mr. BRUNO. Not in my whole life. There is no reason to convict a man like me, sir. Please believe me, I am an honest man. The strange part, gentlemen, when these jobs came up I was the envy of the whole hotel industry because they thought I had a tremendous job. What the heck was I making, \$100 a week, \$150 sometimes.

Mr. HALLEY. What were you making at the Caldwell place?

Mr. BRUNO. I believe the salary was \$75, I am not sure, \$75 or \$100. I have the withholding tax slips with me.

Mr. HALLEY. Let me see them.

Mr. BRUNO. Why, sure. These are for a period of several years.

Mr. HALLEY. I will sort them out. Why don't you hand them over?

Mr. BRUNO. Here is the Caldwell (handing documents to Mr. Halley).

There are three more here.

Mr. HALLEY. May I have them all?

Mr. BRUNO. Yes, sir.

Mr. HALLEY. You must have some more. All we have here is 3 years.

Mr. BRUNO. There is more than that sir, I think. There is more than that.

Mr. HALLEY. There must be some more.

Mr. BRUNO. Here is another one which is a report for another year. You might take a look at that. Here is a copy of another year, I presume. Here is another one, sir.

Mr. HALLEY. Starting with the year 1944, you worked in 1944 for the Surf Club at Miami Beach?

Mr. BRUNO. Yes, sir.

Mr. HALLEY. During the early part of the year.

Mr. BRUNO. You see, that starts, for instance, I left the Madison in 1943, about November, and we opened around December and worked until May 1. That is what 1944 would take care of.

Mr. HALLEY. Then you went to work for the Casino at Spring Lake, N. J.?

Mr. BRUNO. That is the bathing and tennis club, that is right. That is the operating company.

The CHAIRMAN. What sort of country club is that?

Mr. BRUNO. A bathing and tennis club, very high class, a wonderful place.

The CHAIRMAN. No gambling there?

Mr. BRUNO. Oh heavens, no! That has a private membership.

Mr. HALLEY. Then you went to work for James Rutkin, is that right?

Mr. BRUNO. Sir, I didn't work for him. That is the way the office does their bookkeeping.

Mr. HALLEY. Who sent you this withholding receipt for James Rutkin?

Mr. BRUNO. It came by mail.

Mr. HALLEY. And this is for the job you had?

Mr. BRUNO. At Caldwell.

Mr. HALLEY. In the place we have been talking about where you served the free meals?

Mr. BRUNO. That is right, that is it.

Mr. HALLEY. What address is 85 Columbine Avenue, Palisades, N. J.?

Mr. BRUNO. I am sorry, I haven't the slightest idea.

Mr. HALLEY. You don't know it?

Mr. BRUNO. No. I have never been there. That is the truth of the matter.

Mr. HALLEY. Mr. Elich points out that the gambling house may have been located at Lincoln Park.

Mr. BRUNO. Yes.

Mr. HALLEY. Is that right?

Mr. BRUNO. But it was called Caldwell.

Mr. HALLEY. It was called Caldwell.

Mr. BRUNO. But I believe the township was Lincoln Park.

Mr. HALLEY. Do you know the exact address?

Mr. BRUNO. I could take you there.

Mr. HALLEY. Who owned it?

Mr. BRUNO. This gentleman I talked to you about by the name of Charles Journal, and he is just as much victim of circumstances as I am, but I am sure he is available.

Mr. HALLEY. It is near a place known as the Tropics, is that right?

Mr. BRUNO. There are two bridges, I believe. There are two bridges, Passaic River and another river, and they call this corner, this particular corner in Lincoln Park, Two Bridges, but the ordinary word was Caldwell.

Mr. HALLEY. This was a house?

Mr. BRUNO. It was a private house which they turned into a restaurant on one side, and they built an adjacent building on the other side, a sort of rigged-up affair, and that is where they used to gamble.

Mr. HALLEY. At Caldwell, was James Lynch ever in the dining room?

Mr. BRUNO. Yes; we have had him in the dining room. I know he was the one who took the money away every night.

Mr. HALLEY. He took the money at night?

Mr. BRUNO. That I know.

Mr. HALLEY. You saw that?

Mr. BRUNO. Because I used to go to bed before they did. You see, our business didn't last as long as theirs, so once our duty was accomplished, we washed the dishes and cleaned up—not me particularly but my help—and we would go upstairs to sleep.

Mr. HALLEY. Oh, you slept right there?

Mr. BRUNO. Slept right there, sir. I used to come home about once or twice a week.

Mr. HALLEY. How do you know that Lynch took care of the money?

Mr. BRUNO. From hearsay, I know that he was the last person to leave the premises.

Mr. HALLEY. He was definitely one of the bosses, is that right?

Mr. BRUNO. I would say so; yes, sir.

Mr. HALLEY. Who were some of the other bosses? Was Rutkin there at all?

Mr. BRUNO. Rutkin came to dine two or three times during that period of 5 or 6 weeks we operated.

Mr. HALLEY. When you got this withholding slip with Rutkin's name on it, did you talk to anybody about why his name should be on it as the employer?

Mr. BRUNO. Frankly, no; because I was covered as far as my tax returns were concerned. I just didn't inquire because, as a matter of fact, that caused me so much heartache, I was glad to get away from it.

Mr. HALLEY. Was Joe Adonis out there?

Mr. BRUNO. Yes; he was there once that I remember, eating, of course.

Mr. HALLEY. Did he ever exercise any influence or control over it?

Mr. BRUNO. He didn't show any authority around there, not to us.

Mr. HALLEY. Did he go into the gambling room?

Mr. BRUNO. He did.

Mr. HALLEY. Did Rutkin go into the gambling room?

Mr. BRUNO. He did; sure.

Mr. HALLEY. Did Arthur Longano show up there?

Mr. BRUNO. I am sorry, I don't quite know the gentleman. If the name doesn't sound right or something—

Mr. HALLEY. You are not sure you know him?

Mr. BRUNO. I am not sure if I know him. If I see him, maybe I do. I saw many boys yesterday which I had forgotten completely, and I remembered their names when I saw them.

Mr. HALLEY. Do you remember Willie Moretti?

Mr. BRUNO. Yes, sir.

Mr. HALLEY. Do you know him when you see him?

Mr. BRUNO. Yes, sir.

Mr. HALLEY. Does he have any connection with the place at Caldwell?

Mr. BRUNO. I don't believe so because he was never around during my stay there.

Mr. HALLEY. He was never there at all?

Mr. BRUNO. No, sir.

Mr. HALLEY. Do you know Salvatore Moretti?

Mr. BRUNO. No, sir; I don't think so.

Mr. HALLEY. None whatsoever?

Mr. BRUNO. I don't think so. In other words, nothing was ever said to me about it and he was never there.

Mr. HALLEY. You don't remember seeing Salvatore Moretti at Caldwell?

Mr. BRUNO. I am pretty sure he didn't show up there. Of course, it was 1944, you know, and you are liable——

Mr. HALLEY. Now, turning your attention to Lodi, how did you get your employment at Lodi?

Mr. BRUNO. I will tell you how. You know it opened during my employment at the Deal Golf and Country Club, which is also a private membership club and a very high-class one.

Mr. HALLEY. Who got you the job at the Deal?

Mr. BRUNO. The chairman of the house committee, Mr. Donald Dickson.

Mr. HALLEY. Was Moretti a member of that club?

Mr. BRUNO. No, sir; no chance in the world. Ambassador Gerard, Mr. Woodrow Wilson, and Colonel House used to be members.

Mr. HALLEY. In your business you rub elbows with people at both ends of the social scale.

Mr. BRUNO. You won't believe this. I started originally in the diplomatic service, and I got kicked out by Mussolini in London, so I arrived in this town with the best references a boy 22 could have. I have been sent to Riggleman & Riggleman, who are international lawyers. I just want to tell you this if you don't mind. Bear with me. They interviewed me. I was qualified for everything. They offered me \$18 a week. Hell, I couldn't support my mother. Then, of course, I was single. I went to washing cars for \$35 a week. It was O. K.; I loved it. Nobody knew me. I did care when they put some colored boys next to me. I wan't used to it, so I quit and became a waiter. That is how I started in this country. Since then I have probably met 25,000 people, most of whom I remember their names. Please believe me, Mr. Halley. I was acquainted with people like Colonel Bradley, of Palm Beach, people who meant something, who were dressed up all the time, like at the Embassy. We wouldn't think of letting people in without evening clothes and all that, you see. But there was a casino there. I had nothing to do with it.

Mr. HALLEY. That is really of great interest, but we must move on.

Mr. BRUNO. All right, sir. Go ahead.

Mr. HALLEY. The next place you went to work was at Lodi.

Mr. BRUNO. Yes.

Mr. HALLEY. How did you get the job at Lodi?

Mr. BRUNO. Lodi opened before I went there, sir. When I finished the season at Deal this same Dave High came to me and said, Bruno, the dining room is not running correctly. We want you to come down. So I said, I won't be able to come down until I close the club. So I came down and he reshuffled the cuisine, the kitchen, rather, the dining room set-up, put in another captain, a better waiter. I used to stay there once in a while, but not all the time. In other words, you know once the dining room ran, I just left and went home.

Mr. HALLEY. Was Lynch also at Lodi?

Mr. BRUNO. Lynch was the man who gave all orders.

Mr. HALLEY. Lynch actually ran it?

Mr. BRUNO. That is right.

Mr. HALLEY. Was Anthony Guarini there?

Mr. BRUNO. Yes; I saw Mr. Guarini quite a bit. In fact, he came once to the Patio Bruno before he went somewhere else.

Mr. HALLEY. Guarini was one of the bosses at Lodi?

Mr. BRUNO. Well, whether he was one of the bosses or not, I know he gave orders to Dave High.

Mr. HALLEY. Was Salvatore Moretti at Lodi?

Mr. BRUNO. No.

Mr. HALLEY. Not at all?

Mr. BRUNO. No. They were never around.

Mr. HALLEY. Neither William nor Salvatore?

Mr. BRUNO. No, sir.

Mr. HALLEY. Was Doto there? Joe Doto?

Mr. BRUNO. Yes.

Mr. HALLEY. At Lodi?

Mr. BRUNO. Yes. He came three or four times there.

Mr. HALLEY. And went into the gambling place?

Mr. BRUNO. No. He used to have people who dine, probably a party of three or four, people that I knew around town today, and then went home.

Mr. HALLEY. They wouldn't go in to gamble at all, ever?

Mr. BRUNO. Very seldom as far as I know, because as I say I probably would be in the kitchen at a time he might go in or else he had gone out. Many times I would come in the dining room and find he had already gone.

Mr. HALLEY. Who are some of the people that Joe Adonis brought out there to Lodi?

Mr. BRUNO. A gentleman I remember was a man by the name of Mr. Town. I imagine that is the way he spelled it. I know it is Town. And somebody else he brought out that I know of. Three or four other occasions I didn't know the people he had with him, but they looked like nice people, you know.

Mr. HALLEY. Can you think of the names of anyone else that you know whom he brought?

Mr. BRUNO. I would think probably a man by the name of Mr. Harris.

Mr. HALLEY. Do you know their first names?

Mr. BRUNO. No; I don't, sir. I know he is Mr. Harris to me, don't you know, and that is about all.

Mr. HALLEY. Was Jerry Catena at Lodi?

Mr. BRUNO. I saw him once there; yes, sir.

Mr. HALLEY. Only once?

Mr. BRUNO. Yes, sir.

Mr. HALLEY. He ate there?

Mr. BRUNO. He ate there.

Mr. HALLEY. Walked into the other room?

Mr. BRUNO. I guess he must have, because, as I say, I know that that night he was there, I remember quite clearly, he was talking about a new baby coming or something.

Mr. HALLEY. Just where was the place located at Lodi?

Mr. BRUNO. Lodi was route 6, Mr. Halley. It is about I would say 6 or 7 miles from the bridge. There was a gasoline station here, this big square place here [indicating], and adjacent to that was another tavern.

Mr. HALLEY. Did the place at Lodi have any sign on the outside of it?

Mr. BRUNO. No signs.

Mr. HALLEY. How would the customers find it?

Mr. BRUNO. They didn't. They were brought there.

Mr. HALLEY. You mean nobody came in there in their own automobiles?

Mr. BRUNO. I don't think so, because they would never have found the place.

Mr. HALLEY. The house had automobiles that went to New York and got the people and brought them out.

Mr. BRUNO. That is right.

Mr. HALLEY. Then at the end of the evening the house would send them home again, is that right?

Mr. BRUNO. That is right.

Mr. HALLEY. Did you have anything to do with their transportation?

Mr. BRUNO. Not a thing.

Mr. HALLEY. How large a dining room was this?

Mr. BRUNO. We had 62 chairs; it was square.

Mr. HALLEY. And was the gambling room right next door?

Mr. BRUNO. Yes, sir.

Mr. HALLEY. Any doors between them?

Mr. BRUNO. Oh, yes. There was a sliding door, right next to the coatroom here, like where the picture hangs, and the building came this way and in that corner was a sliding door.

Mr. HALLEY. Was that generally open?

Mr. BRUNO. Generally closed.

Mr. HALLEY. Generally it was closed?

Mr. BRUNO. Oh, yes.

Mr. HALLEY. You didn't charge any money for the meals at Lodi?

Mr. BRUNO. No, sir.

Mr. HALLEY. What other gambling places did you work in? Before we leave Lodi, was Rutkin at Lodi?

Mr. BRUNO. No.

Mr. HALLEY. James Rutkin.

Mr. BRUNO. No. I never saw him there.

Mr. HALLEY. You worked at the Beverly Club, did you not, at New Orleans?

Mr. BRUNO. Yes; I went down there. I didn't work, Mr. Halley. I just went down there to organize the crew. I wasn't particularly anxious to go away from New York anyway. My family lives here.

Mr. HALLEY. Who asked you to go there?

Mr. BRUNO. Mr. Kastel.

Mr. HALLEY. Where did you meet him?

Mr. BRUNO. At the Sherry Netherland.

Mr. HALLEY. New York?

Mr. BRUNO. In New York, and Mr. Lansky got me an interview with Mr. Kastel.

Mr. HALLEY. Did Meyer Lansky introduce you to Kastel?

Mr. BRUNO. Yes.

Mr. HALLEY. How long have you known Meyer Lansky?

Mr. BRUNO. Oh, on and off, I would say since 1942 or 1943, somewhere around there.

Mr. HALLEY. You worked at the Beverly Club in 1946?

Mr. BRUNO. That is right, sir.

Mr. HALLEY. For how long a period?

Mr. BRUNO. I went down in 1945. Then I was stricken with pneumonia and taken to a hotel. Kastel was very kind to pay most of the expenses anyway. Then I came back home. Then Mr. Kastel called me up, long distance, and said come down. We would like your advice on a few things here and there. So I went down again, but I didn't like it. So I stayed probably, I don't know, 3 or 4 months. The withholding slips tell the story. Then I came back to New York City. I didn't like New Orleans a bit.

Mr. HALLEY. How did Lansky get in touch with you?

Mr. BRUNO. He used to come around to the Versailles Hotel where I worked. I used to meet him once at the Sherry Netherland, you know, and like the other night I was there and saw Jim Rutkin there to my great amazement.

Mr. HALLEY. Where did you see Jim Rutkin?

Mr. BRUNO. At the Sherry Netherland.

Mr. HALLEY. When was that?

Mr. BRUNO. Oh, I don't know, about 10 or 12 days ago.

Mr. HALLEY. Have you seen Jerry Catena lately?

Mr. BRUNO. I haven't seen Jerry Catena for years.

Mr. HALLEY. Or Joe Doto?

Mr. BRUNO. No; Joe Doto I saw him the last time in June. He came to my place to eat.

Mr. HALLEY. Who was with him when he came to your restaurant?

Mr. BRUNO. His lawyer.

Mr. HALLEY. Who is that?

Mr. BRUNO. Mr. Harold Corbin. At least I think he is his lawyer.

Mr. HALLEY. Does Frank Costello come to your restaurant to eat?

Mr. BRUNO. Yes, sir. He came there, strangely enough, a week before Mr. Murray came to see me. He had a party of nine. They came very early. In fact I found them there. By 7:30 or a quarter of eight they were gone.

Mr. HALLEY. Who was in the party with Costello?

Mr. BRUNO. Two ladies, but I don't know them. Two ladies and two men. One man I think the name could be Sherman, but I can't swear to it. You see it sounds familiar, white hair, combed back, and that is all.

Mr. HALLEY. You didn't know either of the men before?

Mr. BRUNO. No, sir; I didn't. I know them by sight, but I don't know their names.

Mr. HALLEY. In 1946 you also worked at the Colonial Inn in Florida, is that right?

Mr. BRUNO. That is correct.

Mr. HALLEY. Was that before or after you worked at the Beverly Club?

Mr. BRUNO. The Beverly Club was the beginning of the season of 1946, followed by a season at the Deal Golf and Country Club. As to that I went down to the Colonial Inn. I worked there I think from December to March 16 or 17.

Mr. HALLEY. Who hired you at the Colonial?

Mr. BRUNO. Mr. Lynch sent me down to see Mr. Jake Lansky.

Mr. HALLEY. Lynch sent you to see Jake Lansky?

Mr. BRUNO. Yes. He told me to go down there and there is a job for you, that is all.

Mr. HALLEY. At that time were you working for Lynch up at Lodi?

Mr. BRUNO. No.

Mr. HALLEY. How did you happen to see Lynch?

Mr. BRUNO. He called me at the house. He had my phone number. He used always to call through Dave High, and Dave High would say Mr. Lynch says for you to go down to the Colonial Inn.

Mr. HALLEY. Did Dave High work for Lynch?

Mr. BRUNO. I believe that is the set-up.

The CHAIRMAN. Who did he work for at the Colonial Inn?

Mr. HALLEY. You worked in 1946, is that right?

Mr. BRUNO. That is correct, sir—1946 to the end of 1946 and the beginning of 1947, I left there about March 17.

Mr. HALLEY. When did you work at Lodi? I don't think I have the dates quite right.

Mr. BRUNO. Let's see now. We worked at Lodi, I believe, in between seasons, isn't it, 1946? Yes; November to the end. Mr. Halley, isn't it the fall of 1946?

Mr. HALLEY. I don't know. You haven't brought your withholding certificates for Lodi.

Mr. BRUNO. I believe it is there, one of the red slips.

Mr. HALLEY. One of the red ones?

Mr. BRUNO. Yes.

Mr. HALLEY. This may be it. I am sorry. For 1947 it would be.

Mr. BRUNO. 1947.

Mr. HALLEY. That is right. The L. & C. Amusement Co.; is that right?

Mr. BRUNO. That is right. With all those names down there.

Mr. HALLEY. With James Lynch.

Mr. BRUNO. Right.

Mr. HALLEY. Jerry Catena.

Mr. BRUNO. Right.

Mr. HALLEY. Joe Doto.

Mr. BRUNO. That is right.

Mr. HALLEY. Salvatore Moretti.

Mr. BRUNO. That is right.

Mr. HALLEY. The ones you saw there were Lynch and——

Mr. BRUNO. And Tony Guarini.

Mr. HALLEY. They both gave orders all the time?

Mr. BRUNO. That is right.

The CHAIRMAN. That is Lodi?

Mr. BRUNO. I knew it couldn't be 1946 because I couldn't have put the time in there. Because I was at Deal the best part of the summer.

Mr. HALLEY. What was your salary at Lodi?

Mr. BRUNO. \$100 a week.

Mr. HALLEY. You worked there then 15 weeks; it shows here \$1,500. \$1,500.

Mr. BRUNO. That is about right. That would be about right.

Mr. HALLEY. What was your salary down at the Beverly Club?

Mr. BRUNO. \$75 a week, I think. I don't think it reached \$100. You see, I was not the head waiter. I was not the maitre d'hotel. I

was just sort of adviser because I didn't want to stay there. We put in a head waiter from New York City, and the man is working out here at Guy Lombardo's place on Long Island.

Mr. HALLEY. What was your salary at the Colonial Inn?

Mr. BRUNO. I think it was \$200 a week, sir. I am not sure, but I believe that is what it was.

Mr. HALLEY. Did you ever work at Saratoga?

Mr. BRUNO. Never. I have never been to Saratoga.

Mr. HALLEY. Did you ever work in any other gambling place?

Mr. BRUNO. Yes; Montauk Point, the year of the hurricane.

Mr. HALLEY. That was about 1938.

Mr. BRUNO. I would say so, in the summer.

Mr. HALLEY. Where did you work, the Montauk Club?

Mr. BRUNO. The Montauk Club Island Club.

Mr. HALLEY. Montauk at the tip of Long Island here in New York. Who was your boss there?

Mr. BRUNO. A man by the name of Lou Meyers.

Mr. HALLEY. Did he own the club?

Mr. BRUNO. I think so. A very aged old gentleman, a very old gentleman.

Mr. HALLEY. You more or less specialized, didn't you, in working at these clubs?

Mr. BRUNO. Not necessarily, sir, because I tell you what, most of my time was spent with the bathing and tennis club, Deal Golf Club, the Hollywood Beach Hotel, the Biltmore Hotel in Coral Gables, the Surf Club; I built Versaille and worked there 2 years, and there certainly was no gambling there.

Mr. HALLEY. I would like to show you two pictures and will try to show them to you one at the time and you let us know if you recognize them.

Mr. BRUNO. No; I don't recognize this man.

Mr. HALLEY. Did you remember ever serving him at your clubs or seeing him eating at any of your places where you have worked?

Mr. BRUNO. No; he doesn't look familiar at all, sir.

Mr. HALLEY. Try this one.

Mr. BRUNO. This looks more familiar than the first one, but I don't know who this second man is.

Mr. HALLEY. Could you say whether or not you have ever seen the man in the second picture?

Mr. BRUNO. As I say, he looks familiar, but I don't know for sure whether I know him or not. The first one I know definitely I don't.

Mr. HALLEY. Would you say where you have seen the one who looks familiar?

Mr. BRUNO. Probably in my own place or probably in Miami Beach. I wouldn't know.

Mr. HALLEY. Could it possibly be any other place?

Mr. BRUNO. I don't think so, sir.

Mr. HALLEY. Did you know Mr. Frank Borell, the chief of police of Cliffside?

Mr. BRUNO. No, sir.

Mr. HALLEY. Do you know Mr. Michael Orecchio?

Mr. BRUNO. No, sir.

Mr. HALLEY. You never met Michael Orecchio?

Mr. BRUNO. Definitely not. I really don't know those people; please believe me.

Mr. HALLEY. Did they ever come into your place?

Mr. BRUNO. No, sir. Somebody just asked me here for the address of my place, and I don't know the person at all, in this very room.

Mr. HALLEY. No other questions.

Mr. BRUNO. Thank you.

The CHAIRMAN. Any questions, Senator Tobey?

Senator TOBEY. No. I am sorry I was out during part of the testimony.

The CHAIRMAN. Mr. Kostelanetz?

Mr. KOSTELANETZ. No.

The CHAIRMAN. What is the address of your place of business here?

Mr. BRUNO. 24 West Fifty-fifth, Mr. Senator.

The CHAIRMAN. Yes; give us a card. We might come around.

Mr. BRUNO. I would be very honored to have you as my guest. Indeed I would.

The CHAIRMAN. Did you ever operate a place at Saratoga Springs?

Mr. BRUNO. No; and I have never been to Saratoga.

The CHAIRMAN. Is Frank Costello a frequent customer of yours?

Mr. BRUNO. No. I have been trying to discourage them from coming, and they have been weeded out gradually. It is no credit to a place to have them come around.

The CHAIRMAN. To have who come around?

Mr. BRUNO. Frank Costello, and Joe Doto, and what not.

The CHAIRMAN. When Frank Costello comes, who does he usually come with?

Mr. BRUNO. As I say, sometimes he comes with two girls, sometimes he comes with somebody I don't know.

The CHAIRMAN. Does he come with Joe Doto?

Mr. BRUNO. No, sir; they have never been together.

The CHAIRMAN. With Frank Erickson?

Mr. BRUNO. Yes, he was; the early part of last summer, Mr. Senator.

The CHAIRMAN. Did he come several times?

Mr. BRUNO. Twice.

The CHAIRMAN. Who else did he come with?

Mr. BRUNO. I can't remember that now. The persons he comes with, just two or three people I don't know. They are not like Mr. Erickson.

The CHAIRMAN. How about Mr. Lansky and Mr. Catena?

Mr. BRUNO. Mr. Catena does not come.

The CHAIRMAN. And Mr. Moretti. Does Frank Costello come with them?

Mr. BRUNO. No. Mr. Lansky was there a couple of times with Mrs. Lansky and enjoyed his dinner, but they come, they eat, they pay, and they go.

The CHAIRMAN. How about Mayor O'Dwyer, does he come around to your place often?

Mr. BRUNO. No; but I have had the Acting Mayor Impellitteri. I have had the former Chief of Police Ryan.

The CHAIRMAN. They come with Frank Costello?

Mr. BRUNO. Oh, no, please.

The CHAIRMAN. How do you go about discouraging these people?

Mr. BRUNO. You start giving them bad service, and they start to bawl you out and the first thing you know they don't come around.

The CHAIRMAN. You put too much salt in their food?

Mr. BRUNO. There are always nine ways to skin a cat and we know how to do it.

Senator TOBEY. Put a little croton oil in their drink.

Mr. BRUNO. You can't do that because there is a 3-year law against that.

The CHAIRMAN. No more questions. That is all, Mr. Bruno. Thank you.

The CHAIRMAN. Thank you, sir.

Senator TOBEY. When did Mr. Adonis come there last?

Mr. BRUNO. The day he came back from Washington I understand, with a gentleman who I think was his lawyer.

Senator TOBEY. From Washington?

Mr. BRUNO. From Washington.

The CHAIRMAN. We want to give you back some of your records.

Mr. BRUNO. All right, Mr. Senator.

Mr. HALLEY. Let the record show that the two we will keep are—

Mr. BRUNO. I lost a set of those things before to the Treasury Department, gentlemen, and I don't want to lose those too.

Mr. HALLEY. We will take good care of them and will keep only two. One is withholding receipt for 1944 from James Rutlin, and the other is withholding statement, 1947, from L. & C. Amusement Co.

Mr. BRUNO. Okay.

The CHAIRMAN. How about the Beverly Club in Miami?

Mr. HALLEY. I don't think we need them now.

The CHAIRMAN. Who is the Madison, Inc.?

Mr. BRUNO. That is one of the nicest hotels in town, sir.

The CHAIRMAN. Is that who paid you here at one time? You worked for them at one time?

Mr. BRUNO. Oh, sure. Also the Waldorf and Delmonico, Barbison.

The CHAIRMAN. Who got your job at the Waldorf?

Mr. BRUNO. The late Mr. Boomer. I knew him very well.

The CHAIRMAN. Did Frank Costello give you a recommendation at the Waldorf?

Mr. BRUNO. For the Waldorf?

The CHAIRMAN. Yes.

Mr. BRUNO. Oh, no, sir. We go through the regular hotel channels for that.

The CHAIRMAN. All right. We have two of your receipts here and you will get the other ones back. Thank you, Mr. Bruno.

Mr. BRUNO. Thank you, gentlemen.

The CHAIRMAN. Mr. Bernstein, will you hold up your hand and be sworn. Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BERNSTEIN. I do.

TESTIMONY OF JAMES B. BERNSTEIN, JAMAICA, N. Y.

Mr. HALLEY. You are James B. Bernstein?

Mr. BERNSTEIN. James B. Bernstein.

Mr. HALLEY. Your residence, please?

Mr. BERNSTEIN. 8125 Grand Central Parkway, Jamaica 2, N. Y.

Mr. HALLEY. What is your occupation?

Mr. BERNSTEIN. Vice president of Merchants Bank of New York.

Mr. HALLEY. Where is that bank located?

Mr. BERNSTEIN. 434 Broadway, New York.

Mr. HALLEY. Does it have a branch?

Mr. BERNSTEIN. Yes. We have branch at 93 Canal Street, New York.

Mr. HALLEY. No other branches?

Mr. BERNSTEIN. No other branches.

Mr. HALLEY. What is the capitalization of that bank?

Mr. BERNSTEIN. About half a million dollars surplus, another half million dollars. About a million.

Mr. HALLEY. What are the total deposits?

Mr. BERNSTEIN. Approximately \$24,000,000 .

Mr. HALLEY. How long has the bank been in operation ?

Mr. BERNSTEIN. I believe about twenty-some-odd years. It formerly was a private bank and then they were able to get a charter for a bank.

Mr. HALLEY. Who is the president?

Mr. BERNSTEIN. Arnold Markel.

Mr. HALLEY. Is he the head of a Marcal Co. that deals in napkins or tissues?

Mr. BERNSTEIN. No.

Mr. HALLEY. Is he related to the Marcal people?

Mr. BERNSTEIN. Not that I know of. I don't know. I know he has one brother.

Mr. HALLEY. Do you have any customers who are in the paper business, paper napkins?

Mr. BERNSTEIN. Manufacturing or jobbing?

Mr. HALLEY. Either.

Mr. BERNSTEIN. We have a couple of jobbers.

Mr. HALLEY. Do you have anyone who are called Marcal Co.?

Mr. BERNSTEIN. None.

Mr. HALLEY. Who is the chairman of the board?

Mr. BERNSTEIN. Mr. Markel, the president.

Mr. HALLEY. He occupies both positions?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. Is he the dominating figure in the bank?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. How long have you known Max Stark?

Mr. BERNSTEIN. About 17 years.

Mr. HALLEY. Has he banked with your bank?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. Is he known to Mr. Markel?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. Are they good friends?

Mr. BERNSTEIN. I don't think so.

Mr. HALLEY. What is Stark's business?

Mr. BERNSTEIN. He is in the finance business.

Mr. HALLEY. Check cashing business, too?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Did you ever go to his place of business?

Mr. BERNSTEIN. No.

Mr. HALLEY. Are you on a social basis with him?

Mr. BERNSTEIN. I used to be.

Mr. HALLEY. Up to how long ago?

Mr. BERNSTEIN. Up to about a year or two ago.

Mr. HALLEY. You mean until he was convicted?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Do you know whether Mr. Markel was on a social basis with him?

Mr. BERNSTEIN. He was not.

Mr. HALLEY. How long have you been with the bank?

Mr. BERNSTEIN. Seventeen years.

Mr. HALLEY. During all that time has Mr. Markel been the head of the bank?

Mr. BERNSTEIN. No. His brother was at the head, a younger brother was the head. He passed away about 3 years ago.

Mr. HALLEY. Then the present Mr. Markel took over?

Mr. BERNSTEIN. Took over.

Mr. HALLEY. What is his first name?

Mr. BERNSTEIN. Arnold, A-r-n-o-l-d.

Mr. HALLEY. You started with his brother?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. Are you related to the Markel's in any way?

Mr. BERNSTEIN. No.

Mr. HALLEY. What was your original position with the bank?

Mr. BERNSTEIN. When I first started?

Mr. HALLEY. Yes.

Mr. BERNSTEIN. Teller.

Mr. HALLEY. You have worked your way up to vice president.

Mr. BERNSTEIN. That is right.

Mr. HALLEY. How many vice presidents does the bank have?

Mr. BERNSTEIN. At the present time?

Mr. HALLEY. Yes.

Mr. BERNSTEIN. I believe two others, sir.

Mr. HALLEY. Did Stark in 1947 have a conversation with you about the need to cash some checks?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. What did he say? Will you tell the committee all about the transaction? It might save time.

Mr. BERNSTEIN. Yes. He said he had just contracted some kind of deal where he was going to deposit an awful lot of checks.

Mr. HALLEY. Did he say he would deposit them or merely cash them?

Mr. BERNSTEIN. Deposit them.

Mr. HALLEY. Was there any further conversation?

Mr. BERNSTEIN. That he might have to draw an awful lot of cash with his own check. We should see that we give him good service when he appears.

Mr. HALLEY. What he wanted was to be able to cash checks immediately, wasn't it?

Mr. BERNSTEIN. That is right. He was to cash his own check immediately and he used to deposit a string of checks.

Mr. HALLEY. In other words, what he would do was deposit a string of checks and then he would draw his own check against that money immediately?

Mr. BERNSTEIN. Not against that money. He always carried sufficient balances.

Mr. HALLEY. What was the problem, then? No man would ever have difficulty cashing checks against actual balances, would he?

Mr. BERNSTEIN. You see, he maintained his account in our branch at 93 Canal Street, and as a rule at the branch we didn't carry much cash unless a customer required that much cash. In fact, the routine was to tell the customer to try to let us know a day in advance to keep additional amount of cash. Ordinarily we don't keep so much cash at the branch. We keep most of the cash at the main office.

Mr. HALLEY. How much cash did he require? What was the average?

Mr. BERNSTEIN. I would say about \$25,000 to \$30,000.

Mr. HALLEY. Each day?

Mr. BERNSTEIN. I would say about four times a week, on an average.

Mr. HALLEY. Did you arrange this so that he could get that cash?

Mr. BERNSTEIN. Yes, sir.

Mr. HALLEY. Did you ask him the source of the checks?

Mr. BERNSTEIN. Yes. I at once asked him where are you getting all these checks? He said he had a contact where he is cashing all these checks for a fee.

Mr. HALLEY. Did he say what the source of the checks was?

Mr. BERNSTEIN. The second time I asked him what was the source of the checks, and he said, Oh, he is cashing them for some person, that he has acquired them from some games in Jersey.

Mr. HALLEY. Did he elaborate whether he meant gambling games?

Mr. BERNSTEIN. I don't remember whether he elaborated gambling games or not.

Mr. HALLEY. You didn't think it was tennis or ping-pong, did you?

Mr. BERNSTEIN. No.

Mr. HALLEY. What did you think?

Mr. BERNSTEIN. Some kind of games.

Mr. HALLEY. You knew it was gambling by intuition and common sense and business prudence, wouldn't you say it was gambling?

Mr. BERNSTEIN. I found that out later.

Mr. HALLEY. It put you on guard at once, didn't it?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. You said it was gambling in your heart, didn't you?

Mr. BERNSTEIN. Yes, sir.

Mr. HALLEY. In fact as a banker you knew you might have trouble with some people who gave you checks for gambling, that they might well stop payment on them and be able to defend a lawsuit, isn't that right?

Mr. BERNSTEIN. I didn't know that.

Mr. HALLEY. If they were gambling checks, you took a risk with them, did you not?

Mr. BERNSTEIN. That is right.

Mr. HALLEY. Were you given any consideration for taking that risk?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. Did Stark have sufficient balances to cover any that bounced?

Mr. BERNSTEIN. Yes, sir.

Mr. HALLEY. Did any of these checks ever bounce?

Mr. BERNSTEIN. I really don't know because I didn't take care of that end. I didn't bother with that.

Mr. HALLEY. Early in 1948 did you have another talk with Stark about these checks?

Mr. BERNSTEIN. I believe I did.

Mr. HALLEY. What was that?

Mr. BERNSTEIN. I think on or about that time we had the banking department in, and they were investigating the account. I told the story to the bank examiner at that time. The bank examiner investigated the account. I told Stark, I said, "Look, the banking department is criticizing or is about to criticize that. You will have to stop this business. You will have to find another banking connection."

Mr. HALLEY. On this occasion again did he say he was cashing the check for some games?

Mr. BERNSTEIN. That is right, he was getting them for a fee, and he said he was going to stop doing business with us.

Mr. HALLEY. When he brought the checks in and then wrote out his own check for cash, did he want it in any particular denominations?

Mr. BERNSTEIN. I don't remember.

Mr. HALLEY. Didn't he want it generally clean new \$20, \$50, and \$100 bills?

Mr. BERNSTEIN. That I don't know because I do not handle the cash. I was not the teller.

Mr. HALLEY. You were never told that?

Mr. BERNSTEIN. I don't remember.

Mr. HALLEY. Were special facilities made for guarding him when he left the bank with these sums of cash?

Mr. BERNSTEIN. No. We didn't make any facilities for guarding him at all.

Mr. HALLEY. Did he have a guard with him?

Mr. BERNSTEIN. He always had an extra man or two. There was never one person who came in alone.

Mr. HALLEY. Do you know the names of any of the people who came in with him?

Mr. BERNSTEIN. One was Philip Broslofzky.

Mr. HALLEY. Anyone else that you know?

Mr. BERNSTEIN. There is another short, curly-haired fellow. I really don't know what his second name is. I know his first name. He is called Leizer.

Mr. HALLEY. L-i-z-e-r?

Mr. BERNSTEIN. L-e-i-z-e-r.

Mr. HALLEY. Had you known Broslofzky before?

Mr. BERNSTEIN. No. Well, I met him. He was working for Stark. Before he was working for Stark I hadn't known him.

Mr. HALLEY. Did you ever go out and take a look at any of these gambling games?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. Or get any of the free meals they served out there?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. You never checked that?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. From the point of view of your bank, it was just an ordinary accommodation to Max Stark?

Mr. BERNSTEIN. That is all it was; yes.

Mr. HALLEY. There was no extra fee involved?

Mr. BERNSTEIN. No, sir.

Mr. HALLEY. It must have been a great deal of trouble.

Mr. BERNSTEIN. It was rather active.

Mr. HALLEY. How many checks on the average would he bring in a day?

Mr. BERNSTEIN. I would say about 60 or 70.

Mr. HALLEY. Then he would need about \$25,000 or \$35,000 in cash.

Mr. BERNSTEIN. \$25,000 to \$30,000 in cash.

Mr. HALLEY. What is the total amount of money that went through the bank in this way?

Mr. BERNSTEIN. I haven't any idea, gentlemen. I never saw the figures on that.

Mr. HALLEY. Isn't it over \$5,000,000?

Mr. BERNSTEIN. From what I saw in the paper one day, I think it was over that; but I never figured it up.

Mr. HALLEY. This is within a period of about a year; is that right, less than that?

Mr. BERNSTEIN. I don't even know the length of time.

The CHAIRMAN. What were the dates, Mr. Halley?

Mr. HALLEY. He first approached you, did he not, toward the end of 1947?

Mr. BERNSTEIN. Some time around that.

Mr. HALLEY. And the banking department began to complain early in March 1948?

Mr. BERNSTEIN. Yes.

Mr. HALLEY. So \$5,000,000 in checks must have gone through your bank in a period of less than 6 months.

Mr. BERNSTEIN. That is about what it sums up.

Mr. HALLEY. Thank you.

Senator TOBEY. Didn't that occasion surprise and raising of the eyebrows of the board of directors of the Merchants Bank to find an obscure fellow, a little fellow, a common fellow, putting \$5,000,000 in checks through his bank account, and the bank had to collect them? Didn't that occasion surprise and indignation?

Mr. BERNSTEIN. They never questioned it.

Senator TOBEY. The directors never questioned a man with \$5,000,000 going through his bank account within 6 months?

Mr. BERNSTEIN. No.

Senator TOBEY. No.

Senator TOBEY. How many other individual depositors do you have who have \$5,000,000 go through?

Mr. BERNSTEIN. In checks?

Senator TOBEY. Checks.

Mr. BERNSTEIN. We have several customers.

Senator TOBEY. Individuals?

Mr. BERNSTEIN. Yes.

Senator TOBEY. Here is a \$5,000,000 and you didn't question that and weren't surprised at all?

Mr. BERNSTEIN. No, sir.

Senator TOBEY. When they put those checks in how did he credit it to his account?

Mr. BERNSTEIN. The same day.

Senator TOBEY. You credited his account the same day the checks were put in without waiting for collection?

Mr. BERNSTEIN. No.

Senator TOBEY. But you didn't need to give it the same day because he already had a sufficient balance you said to give that amount of money, is that right?

Mr. BERNSTEIN. That is right.

Senator TOBEY. Then why did you credit it? Why didn't you protect yourself by waiting for collection?

Mr. BERNSTEIN. We waited 2 days.

Senator TOBEY. You said the same day.

Mr. BERNSTEIN. But there was sufficient money. His account used to be credited but when the account is credited there is a certain symbol made on the sheet what portion of it is uncollected, and if none of that deposit had come back after 2 days, it is automatically collected.

Senator TOBEY. Yes, exactly. They do things that are interesting in New York. I know a little bit about banking but I won't say any more.

The CHAIRMAN. Mr. Bernstein. The banking department of New York State complained, is that correct?

Mr. BERNSTEIN. They didn't make a written complaint, but the examiner at that time who was looking into the account said something to me about it.

The CHAIRMAN. What was his complaint?

Mr. BERNSTEIN. That there is an awful lot of activity on the account.

The CHAIRMAN. Activity is all right on any account, isn't it? He just didn't like the smell of it.

Mr. BERNSTEIN. He didn't like the type of business.

The CHAIRMAN. Did you know what type of business it was?

Mr. BERNSTEIN. Yes; I told him they were checks that he was realizing from some games in Jersey.

The CHAIRMAN. As a matter of fact, Mr. Stark is a substantial stockholder of the bank, isn't he?

Mr. BERNSTEIN. Yes, sir.

The CHAIRMAN. Has that been brought out?

Mr. HALLEY. No, it has not.

The CHAIRMAN. How much stock does he own in the bank?

Mr. BERNSTEIN. Approximately 2,000 shares.

The CHAIRMAN. How many shares are there?

Mr. BERNSTEIN. Twenty thousand.

The CHAIRMAN. So he owns 10 percent.

Mr. BERNSTEIN. Yes, sir.

The CHAIRMAN. Is he a director?

Mr. BERNSTEIN. No, sir.

The CHAIRMAN. Do you have the statement of your directors and officers of the bank with you?

Mr. BERNSTEIN. No, sir; I haven't.

The CHAIRMAN. What other people like Mr. Stark, who have been engaged in racketeering or gambling own stock in the bank? Does Mr. Meyer Lansky own any stock in the bank?

Mr. BERNSTEIN. No, sir; no other that I know of.

The CHAIRMAN. Do you have any objection to submitting to the committee a list of your officers, directors, and stockholders?

Mr. BERNSTEIN. Yes. Do you want me to do it from memory now? I will do it the best I can.

The CHAIRMAN. How many stockholders are there?

Mr. BERNSTEIN. Stockholders, I can't, but directors and officers.

The CHAIRMAN. You give us a list of the stockholders and the amount of stock they own. Will you do that?

Mr. BERNSTEIN. I would have to ask Mr. Markel.

The CHAIRMAN. You ask Mr. Markel if he will supply that to the committee, and Mr. Kostelanetz will take that.

Mr. BERNSTEIN. A list of stockholders.

The CHAIRMAN. Yes, that is right. Now give us a list of the officers and directors.

Mr. BERNSTEIN. Mr. Arnold Markel, who is president. There is Mr. I. Altman, who is vice president. There is Mr. Fabian Roll. He is a vice president. There is Mr. Morris Sorgen. I think he is assistant vice president. There is Mr. M. Bobrow, assistant cashier. There is Mr. Zeigler, who is assistant cashier. There is a Mr. R. Hertz, assistant cashier. There is a Mr. J. Wagner, an assistant cashier, including myself.

The CHAIRMAN. Is that all?

Mr. BERNSTEIN. Yes.

The CHAIRMAN. How much personnel of the bank did handling this account tie up? That was a pretty big job, was it not?

Mr. BERNSTEIN. No, just one teller, and the bookkeeper who carries the account with the ordinary ledger of accounts. No additional personnel.

The CHAIRMAN. How much balance did Mr. Stark keep in the bank?

Mr. BERNSTEIN. I would say his balances were anywhere between 20, 40, 50, and 60 thousand dollars, average, at that time.

The CHAIRMAN. So he would deposit these checks and simultaneously withdraw about the same amount.

Mr. BERNSTEIN. That is right.

The CHAIRMAN. Did you talk with him about how much commission he got out of this deal?

Mr. BERNSTEIN. I didn't talk to him, but he once told me himself, and I think he gets a certain percentage. I don't know whether it was one-half percent of 1 percent for cashing them.

The CHAIRMAN. But he did get a percentage?

Mr. BERNSTEIN. Yes.

The CHAIRMAN. Did the bank get any percentage?

Mr. BERNSTEIN. No, sir.

The CHAIRMAN. What did you get out of it?

Mr. BERNSTEIN. Nothing.

Senator TOBEY. Did you make a service charge?

Mr. BERNSTEIN. Yes, sir; depending upon the activity of the account.

Senator TOBEY. How much was it probably?

Mr. BERNSTEIN. I haven't any idea, gentlemen. You see, we base our service charges on the activity, how many checks issued, how many checks deposited, and the average balance is taken into consideration.

The CHAIRMAN. The truth about the matter, Mr. Bernstein, is that you let Mr. Stark do this, which tied up a lot of your personnel and you didn't get anything substantial out of it, because he owned 10 percent of the bank.

Mr. BERNSTEIN. That is the thing, he was a stockholder. That is one of the reasons.

The CHAIRMAN. That is the principal reason, isn't it?

Mr. BERNSTEIN. That is right.

The CHAIRMAN. Does Frank Costello have an account in your bank?

Mr. BERNSTEIN. No, sir.

The CHAIRMAN. Joe Adonis?

Mr. BERNSTEIN. No, sir.

The CHAIRMAN. Meyer Lansky?

Mr. BERNSTEIN. No, sir.

The CHAIRMAN. Any further questions?

Senator TOBEY. Isn't this a pretty good example of what they call kiting checks?

Mr. BERNSTEIN. No, Senator, this is not kiting checks.

The CHAIRMAN. Mr. Bernstein, you will ask Mr. Markel to supply the list and furnish it to Mr. Kostelanetz, and if we need you any more in connection with this inquiry we will call you, but the subpoena served on you will be continuing.

Mr. BERNSTEIN. O. K., sir.

The CHAIRMAN. That is all for now, Mr. Bernstein.

Mr. BERNSTEIN. I will send that to Mr. Kostelanetz.

The CHAIRMAN. Mr. Boris Kostelanetz. Send it to this address.

Are you Milton Kessler? Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KESSLER. Yes, sir.

TESTIMONY OF MILTON KESSLER, BROOKLYN, N. Y.

Mr. HALLEY. What is your full name?

Mr. KESSLER. Milton Kessler.

Mr. HALLEY. What is your address?

Mr. KESSLER. 188 East Ninety-first Street, Brooklyn.

Mr. HALLEY. How old are you?

Mr. KESSLER. Thirty-nine. I will be forty soon.

Mr. HALLEY. What is your occupation?

Mr. KESSLER. Dealer.

Mr. HALLEY. What kind of dealer?

Mr. KESSLER. Roulette.

Mr. HALLEY. How long have you been engaged in that occupation?

Mr. KESSLER. Since 1937, I think.

Mr. HALLEY. Are you working now?

Mr. KESSLER. No, sir.

Mr. HALLEY. How long have you been out of work?

Mr. KESSLER. Since the latter part of February.

Mr. HALLEY. In 1945 you worked for Jimmie La Fontaine in Maryland?

Mr. KESSLER. Yes, sir; in 1944 or 1945.

Mr. HALLEY. How long did you work for La Fontaine?

Mr. KESSLER. Oh, I don't know; 4 or 5 months, I think.

Mr. HALLEY. What was the name of his place?

Mr. KESSLER. The Maryland Athletic Club.

Mr. HALLEY. Who else besides Jimmie La Fontaine were your bosses there?

Mr. KESSLER. There was just one that I know of, and that was a fellow by the name of Price.

Mr. HALLEY. What was his first name?

Mr. KESSLER. They just called him Whitey, Whitey Price.

Mr. HALLEY. During that time did you live in Washington?

Mr. KESSLER. I lived in Washington, yes; and after that I got an apartment and lived in Bladensburg, right near there.

Mr. HALLEY. Did you work for any other gambling houses in the vicinity of Washington?

Mr. KESSLER. No; that is the only place.

Mr. HALLEY. Did you know of any other places?

Mr. KESSLER. I never paid much attention. I think there was another place, but I was never there.

Mr. HALLEY. Where was the other place?

Mr. KESSLER. In Maryland some place.

Mr. HALLEY. Near La Fontaine's?

Mr. KESSLER. No; I don't think there was any place near there that I know of.

Mr. HALLEY. Where was the other one, in what area?

Mr. KESSLER. I don't know the directions so well there. I know that sometime after I left there I think this particular place was raided.

Mr. HALLEY. You mean the other place?

Mr. KESSLER. Yes.

Mr. HALLEY. While you were working for Fontaine was his place raided?

Mr. KESSLER. No, sir.

Mr. HALLEY. Do you know the name of the other place?

Mr. KESSLER. No; I don't.

Mr. HALLEY. Or who owned it?

Mr. KESSLER. No; but I think a Myers did.

Mr. HALLEY. M-y-e-r-s?

Mr. KESSLER. I don't know how you spell it, but from the talk, you know, that you would hear.

Mr. HALLEY. Did you ever hear that Frank Costello had an interest in Jimmie La Fontaine's place?

Mr. KESSLER. No, sir.

Mr. HALLEY. Did you ever see him there?

Mr. KESSLER. No, sir.

Mr. HALLEY. Was Joe Adonis?

Mr. KESSLER. No, sir.

Mr. HALLEY. You never saw him there?

Mr. KESSLER. No, sir.

Mr. HALLEY. Just name some of the other places where you worked prior to 1945; just quickly give the names.

Mr. KESSLER. In 1936 I worked at the Ohio Villa, in Cleveland. I also worked in Florida prior to 1945, at the Plantation. I also worked

at the Riviera. I think that was in 1941 that I worked at the Riviera. I was there I would say 3 months or 4 months possibly at the Riviera. Then after that back to Florida again. It was mostly around Florida. After a while, I think it was in 1942 or 1943—1942 I think it was that I went to work in a defense plant in Detroit, Briggs Manufacturing, an airplane defense plant. I worked there until I had mushroom poisoning which brought on a convulsion and I broke my back, and I lost my job because of that. They wouldn't hire me back. That takes me into 1944 when I worked for the Maryland Athletic Club after that.

Then after Jimmie La Fontaine, I think that took me back to Florida again, and then from Florida back to New York, where I went to work in Jersey.

Mr. HALLEY. Do you have your withholding-tax certificates from 1945 on?

Mr. KESSLER. Yes, sir.

(Documents produced.)

Mr. HALLEY. Where did you first go to work in Jersey in 1945?

Mr. KESSLER. At this place on Route 6 in Lodi. Let me see, in 1945. No, in 1945 I think the first place I went to work was in Paterson.

Mr. HALLEY. How did you get that job?

Mr. KESSLER. Through—well, almost all the fellows that worked there I knew, and I also found out that they were going to open, so I went there to get the job.

Mr. HALLEY. Who are some of the fellows who worked there?

Mr. KESSLER. You mean dealers?

Mr. HALLEY. Well, who was in charge?

Mr. KESSLER. It seemed like Greeno; Tony Greeno.

Mr. HALLEY. Tony Greeno?

Mr. KESSLER. Yes.

Mr. HALLEY. He is also known as Guarini?

Mr. KESSLER. That is his name, I think. That is the way you pronounce it, I guess.

Mr. HALLEY. He is the man whose name appears on your withholding receipt; is that right?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. You got your orders from him?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. And instructions.

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Who else was there in charge at this first place in Paterson, N. J.?

Mr. KESSLER. There was a fellow by the name of Lynch that worked in the office.

Mr. HALLEY. Jimmie Lynch?

Mr. KESSLER. Yes.

Mr. HALLEY. Was Jerry Catena around there?

Mr. KESSLER. No, I never saw him.

Mr. HALLEY. Joe Adonis?

Mr. KESSLER. I saw him occasionally, like you know he would just come in and then I would look around and he would be gone. I mean I was busy working most of the time anyway.

Mr. HALLEY. He would come in and look around the room where you had the roulette wheel?

Mr. KESSLER. Yes, I would look up and see him and continue with my work.

Mr. HALLEY. Was he one of the bosses?

Mr. KESSLER. I don't know whether he was a boss or not. I was never told anything about him.

Mr. HALLEY. Did he ever give you any orders or make suggestions?

Mr. KESSLER. No, sir.

Mr. HALLEY. Did he ever give any orders or make suggestions at Lodi?

Mr. KESSLER. No. I saw him at Lodi.

Mr. HALLEY. You saw him in both the Paterson place and at Lodi?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Did Al Goldfine recommend you for that first job?

Mr. KESSLER. Yes, I have known Alec for a long time. He had charge of the help.

Mr. HALLEY. Who got you your job in the latter part of 1945 at the Club Greenacres?

Mr. KESSLER. I got that myself because I had worked for Mr. Lansky before. I got the job with Sammy Brant.

Mr. HALLEY. Sammy Brant actually hired you?

Mr. KESSLER. Yes. I knew Sammy when he was a dealer.

Mr. HALLEY. Did Abe Allenberg hang around the Greenacres?

Mr. KESSLER. I don't know him, sir.

Mr. HALLEY. You don't know him at all?

Mr. KESSLER. Yes.

The CHAIRMAN. Suppose you come back at 1:30, sharp. Can you do that?

Mr. KESSLER. O. K.

Mr. HALLEY. Or 1:15. We are going to take a very short time out for lunch and you can get some lunch now.

Mr. KESSLER. May I make a request? I was told that this would be a closed hearing and that my name would not appear in the paper.

The CHAIRMAN. Who told you that, sir?

Mr. KESSLER. The gentleman when I first made my statement that I signed. Because of my children going to school, you know, in the neighborhood there I would appreciate it very much for their sake if my name wasn't put in the paper. I don't think that I am that important to have it in there. If I didn't have children I wouldn't make the request.

The CHAIRMAN. How many children have you?

Mr. KESSLER. Two. The little boy is nine and the girl is seven.

The CHAIRMAN. What are you doing now?

Mr. KESSLER. Nothing.

The CHAIRMAN. I wish we could grant your request, but I am afraid we can't.

Mr. KESSLER. I am sorry, Senator. I really have nothing else except what is on that paper.

The CHAIRMAN. Will you be back at 1:15?

Mr. KESSLER. Okay. Do I leave my slips here?

The CHAIRMAN. We will take care of them.

(Whereupon, at 12:25 p. m. the committee recessed until 1:15 p. m. the same day.)

AFTER RECESS

(The committee reconvened at 1 : 50 p. m.)

The CHAIRMAN. The hearing will be in order.

Come around, Mr. Kessler.

FURTHER TESTIMONY OF MILTON KESSLER, BROOKLYN, N. Y.

The CHAIRMAN. Mr. Kessler, for this executive session we have decided not to release your name that you have testified here.

Mr. KESSLER. Thank you very much, Senator.

The CHAIRMAN. Let's proceed.

Mr. HALLEY. You worked at Greenacres in 1945?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. That is the place where Lefty Clark ran a crap game?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Then you went to Las Vegas?

Mr. KESSLER. Yes.

Mr. HALLEY. The Flamingo?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. That wasn't open that early, was it?

Mr. KESSLER. I left for Las Vegas in December.

Mr. HALLEY. Of 1945?

Mr. KESSLER. No, in 1946.

Mr. HALLEY. Where were you all through 1946? Were you back in Jersey?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. We have some of your withholding slips here. You do show a withholding statement for the Flamingo.

Mr. KESSLER. Yes.

Mr. HALLEY. In 1946.

Mr. KESSLER. I went there. I worked there I think 4 days of 1946 going into 1947, until July.

Mr. HALLEY. You also worked at the Greenacres in 1946?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. In 1947, you were back again at the Flamingo?

Mr. KESSLER. Yes, until July.

Mr. HALLEY. And at Saratoga.

Mr. KESSLER. Yes, sir. When I came back from the Flamingo I went to Saratoga.

Mr. HALLEY. You worked with L. & L. there?

Mr. KESSLER. At the Arrowhead, yes, sir.

Mr. HALLEY. How did you get your job at the Arrowhead?

Mr. KESSLER. When I went up there I heard that Alec was going to be there.

Mr. HALLEY. Alec Goldrine?

Mr. KESSLER. Yes, sir. So I got a job there.

Mr. HALLEY. Was Jimmie Lynch in the office there?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. And Schafer was there too?

Mr. KESSLER. Yes, he was in charge of the help with Alec. He was the straw boss.

Mr. HALLEY. Was Meyer Lansky up there?

Mr. KESSLER. I saw him up there, yes, sir.

Mr. HALLEY. At the Arrowhead?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. That is in 1947?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Did he also give orders around the Arrowhead?

Mr. KESSLER. No, I never saw him give any orders. Like I would be working and then I would look up, I would see him walk in, and then I wouldn't pay any attention to him.

Mr. HALLEY. Did he go into the office?

Mr. KESSLER. That I don't know either.

Mr. HALLEY. He was around the place?

Mr. KESSLER. Yes, I saw him up there. I saw him in the dining room.

Mr. HALLEY. He didn't behave like an ordinary customer, did he?

Mr. KESSLER. In the dining room he would be sitting there watching the floor show, and we would watch it from the back. I could see him sitting at the table watching the floor show. Then occasionally I would see him in the casino, the game room.

Mr. HALLEY. What would he be doing in the casino?

Mr. KESSLER. He would just walk in. If I was at a particular wheel which faced the door, whenever I had a chance I would look up if I had the time, I would see customers walk in. I would see Mr. Lansky walk in.

Mr. HALLEY. You don't know what he did there?

Mr. KESSLER. No, sir.

Mr. HALLEY. How many weeks did you work at Saratoga?

Mr. KESSLER. It might have been—it was as long as the racing, which I think is about 28 days, about 4 weeks.

Mr. HALLEY. That was a wide open operation at the Arrowhead in Saratoga, wasn't it?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. The doors were open, and it was no problem for the public about getting in at all?

Mr. KESSLER. Not that I know of, sir. They just seemed to walk in.

Mr. HALLEY. After you worked at Saratoga did you work at the baby-carriage factory?

Mr. KESSLER. Then I went back to Jersey; yes, sir. I worked in Jersey again. That is also on Route 6.

Mr. HALLEY. With whom were you there?

Mr. KESSLER. You mean who I worked with?

Mr. HALLEY. Yes.

Mr. KESSLER. Mr. Schafer was there and Alec was there.

Mr. HALLEY. Was Catena there?

Mr. KESSLER. No; I never saw him, but Mr. Lynch was there.

Mr. HALLEY. He was in the office?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. How about Moretti, Salvatore, or Willie?

Mr. KESSLER. Yes; I used to see—that is Solly, isn't it?

Mr. HALLEY. Yes.

Mr. KESSLER. Yes; I used to see him up there. He used to come in.

Mr. HALLEY. Did he give orders?

Mr. KESSLER. No; I never saw him give orders. He never gave me an order. I don't know what orders he would give, but personally he never said anything to me.

Mr. HALLEY. He was around the place?

Mr. KESSLER. Yes, sir; I used to see him around.

Mr. HALLEY. You would get these withholding statements with various names on them. Did you ever ask anybody what they were doing on them?

Mr. KESSLER. No. I just took it for granted that that was the name of the company. From my experience working around gambling places, the importance of a name never seems to come up.

Mr. HALLEY. When you had a withholding statement from 1948 showing the name J. Doto on it, you knew who Doto was?

Mr. KESSLER. I did from the newspapers when he used to get write-ups.

Mr. HALLEY. You know that was Joe Adonis?

Mr. KESSLER. I knew that Joe Adonis was an alias.

Mr. HALLEY. Did you ever ask anybody if Adonis was connected with the gambling operation?

Mr. KESSLER. No. As far as I knew, Mr. Lynch worked in the office and Tony would be around on the floor. He would give orders. He would tell you if he wanted, you know, something done, this or that.

Mr. HALLEY. Was Guarini around?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. He also gave orders?

Mr. KESSLER. Yes.

Mr. HALLEY. The people who gave orders, then, had Lynch and Guarini?

Mr. KESSLER. Yes. They seemed to be the bosses.

Mr. HALLEY. Alex Goldfine was also there?

Mr. KESSLER. He was there in charge of the help. He was like a hired man.

Mr. HALLEY. You understood that Lynch and Guarini were owners as contrasted to Goldfine, who was an employee?

Mr. KESSLER. Yes; very much so.

Mr. HALLEY. After the carriage factory you went down to the Club Bohemian?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. And Green Acres?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Who hired you down there?

Mr. KESSLER. I think first I went to work at the Boheme, Mr. Lansky, Jake or Jack—

Senator TOBEY. Is that the same Lansky we had this morning?

Mr. HALLEY. His brother.

Then did you work at Green Acres too?

Mr. KESSLER. Yes. I went over to the Green Acres. That was with Sam Brant.

Mr. HALLEY. Did you also handle the roulette?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Then you returned to New Jersey the next summer, the summer of 1939, and you worked at the Palisades place in 1949?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Who was there?

Mr. KESSLER. Mr. Greeno and Mr. Lynch.

Mr. HALLEY. The same two people again?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Did you see Adonis there?

Mr. KESSLER. No, I didn't see him there. I saw him—I used to see him in that other place.

Mr. HALLEY. Lodi?

Mr. KESSLER. Yes, the one on Route 6, farther out.

Mr. HALLEY. During what year did you work at the Lodi place?

Mr. KESSLER. I think that was in the latter part of 1947.

Mr. HALLEY. The Palisades place closed at the end of 1949, is that right?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Did you work until it closed?

Mr. KESSLER. Yes.

Mr. HALLEY. Or was it still going?

Mr. KESSLER. I was there at the finish.

Mr. HALLEY. That was about the end of 1949?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. Then you all went down to Florida, is that right?

Mr. KESSLER. No. I stayed around in New York for a while, and then I went down to Florida to go to work.

Mr. HALLEY. Where did you work in Florida?

Mr. KESSLER. This past winter?

Mr. HALLEY. Yes.

Mr. KESSLER. In Broward County at a small place called the Beach Club.

Mr. HALLEY. Where is it?

Mr. KESSLER. That was on the ocean road.

Mr. HALLEY. Is that owned by Carl Smith?

Mr. KESSLER. Yes.

Mr. HALLEY. Did anybody else have any part of it?

Mr. KESSLER. No, sir. I understood that he was the boss. In fact, he was the only one who was ever there, because it was just a small place.

Mr. HALLEY. What would you call a small place?

Mr. KESSLER. Two wheels and one crap table. That is considered small.

Mr. HALLEY. Can you give the committee some idea of the amount of money that passed at, let's take a place like Lodi. How many crap tables and how many wheels were there?

Mr. KESSLER. In Lodi I think there were four wheels and two crap tables.

Mr. HALLEY. You worked at a wheel?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. So you would be most familiar with that?

Mr. KESSLER. Yes, sir.

Mr. HALLEY. The stakes were a minimum of 25 cents for women and 50 cents for men; is that right?

Mr. KESSLER. Yes, and you could bet up to \$10, which was very seldom.

Mr. HALLEY. Did you get a rather big play on these wheels?

Mr. KESSLER. Well, not the kind of play that you get at a resort.

Mr. HALLEY. Did all the wheels operate every night?

Mr. KESSLER. No.

Mr. HALLEY. On what nights did all four wheels operate?

Mr. KESSLER. I would say like a Tuesday, Thursday, and Saturday.

Mr. HALLEY. And the other nights how many wheels operated?

Mr. KESSLER. Sometimes two, sometimes just one.

Mr. HALLEY. What would you say would be the total play over a wheel on a Saturday night?

Mr. KESSLER. I don't know. We don't have any way of knowing that. The game is going on, and then a player will sit down and he will buy in some checks, let's say \$10 worth of checks. Then the money goes into a drawer. You keep on going and they buy in some more and you throw the money in the drawer. As far as counting it that is almost an impossibility.

Mr. HALLEY. Sitting at the table or standing behind it, how much money would go in the drawer in the course of an evening?

Mr. KESSLER. I would have no way of knowing that.

Mr. HALLEY. Roughly. You would be stuffing money in practically all night, wouldn't you?

Mr. KESSLER. Not necessarily. Sometimes they are lucky enough to sit and play an hour and a half or so with their original buy, and if they lose that they get up and walk away, and they are through.

Mr. HALLEY. Have you any estimate, would you say a thousand dollars would be a fair amount at a table?

Mr. KESSLER. No; I don't think it took that much.

Mr. HALLEY. On any night? You wouldn't take in a thousand dollars on any night?

Mr. KESSLER. You mean my own table?

Mr. HALLEY. Yes.

Mr. KESSLER. I don't know. I would have to get an awful lot of play.

Mr. HALLEY. That would be a big play?

Mr. KESSLER. Yes. Say \$10 buy-ins or \$25 buy-ins, there have to be an awful lot of buy-ins.

Mr. HALLEY. What is the point? Was the big money at the crap tables rather than the roulette?

Mr. KESSLER. Yes. From my way—from my own observation the crap games are the games where they gamble.

Mr. HALLEY. That is where the money is.

Mr. KESSLER. Yes. The wheels are women. In other words, they sit there and will wait for their husband and lose \$10 or \$20 or \$40. Then they are through.

Mr. HALLEY. They try to string out the chips as long as possible?

Mr. KESSLER. That is right.

Mr. HALLEY. That is all I have, sir.

The CHAIRMAN. Any questions, Mr. Kostelanetz?

Mr. KOSTELANETZ. No.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. Do you call yourself a dealer?

Mr. KESSLER. Yes, sir.

Senator TOBEY. You don't deal cards with roulette, do you? You operate the roulette wheel.

Mr. KESSLER. Yes, sir.

Senator TOBEY. That isn't a dealer, is it? Do you call that a dealer?

Mr. KESSLER. If you want to be really class, you say croupier.

Senator TOBEY. The question is, are those wheels run on the level?

Mr. KESSLER. Oh, yes.

Senator TOBEY. How does the management make anything on it then?

Mr. KESSLER. They figure a percentage.

Senator TOBEY. They take off so much, like the mutuels?

Mr. KESSLER. It figures the same way, your over-all play. There are 38 numbers on a wheel. You pay 35 to 1. If you get a play on all the numbers, that 55 $\frac{1}{19}$ percent must show. Of course, there is what they call the hidden percentage, where a player won't figure to win as much as he will lose. That is the hidden percentage.

Senator TOBEY. Is it the usual thing for people to go the whole evening maybe without making a cent on roulette?

Mr. KESSLER. You mean is it possible?

Senator TOBEY. Do many of them not make a cent a whole evening?

Mr. KESSLER. Oh, yes. A person might come in and play tonight and lose their \$20 and they might come in the next night or two nights later, whichever they happen to come in, and lose again and they might have a streak where they won't win anything for 3 or 4 plays.

Senator TOBEY. You speak of going to these different places, and there are other witnesses who have testified here. Does that justify us in having the feeling that there is a pool account of employees, dealers and others who are available for these different gambling places around the country?

Mr. KESSLER. Yes, sir.

Senator TOBEY. In other words, they are the faithful, the good employees and they have a list of them?

Mr. KESSLER. It runs this way: You make a reputation for yourself of being honest.

Senator TOBEY. Yes.

Mr. KESSLER. By being honest you can get more work than if you have a bad reputation. That also goes for customers. The customers will come into a place and if they see dealers that they know, who have worked in reputable gambling houses, they have more confidence when they play rather than if they walk into a place and see a lot of strangers.

Senator TOBEY. That is understandable. That is human nature; yes.

Mr. KESSLER. Yes.

Senator TOBEY. You have been down at Jimmie LaFontaine's and worked there, you said.

Mr. KESSLER. Yes.

Senator TOBEY. Jimmie never was raided while you worked there?

Mr. KESSLER. No, sir.

Senator TOBEY. Do you know why it wasn't?

Mr. KESSLER. No.

Senator TOBEY. Did he buy protection, in your judgment?

Mr. KESSLER. What?

Senator TOBEY. Did he buy protection and get it?

Mr. KESSLER. That I don't know.

Senator TOBEY. Did you ever hear anything that he did?

Mr. KESSLER. No, sir. They never talk to the employees about that.

Senator TOBEY. One other question: Did you ever see any Members of Congress in there playing?

Mr. KESSLER. No, sir. I don't think I would know them if I saw them.

Senator TOBEY. How many people would attend Jimmie's place in an evening?

Mr. KESSLER. In my particular job on the wheel, the wheel was just open, like we would open the wheel at 1 o'clock in the afternoon, and we would usually be finished at 6 or 7 o'clock at night. There seemed to be a lull then and the wheel wouldn't operate at night. It was crap games.

Senator TOBEY. Was that located in Maryland or in the District?

Mr. KESSLER. In Maryland.

Senator TOBEY. Just a little bit over the line.

Mr. KESSLER. Yes, sir. The line is right on that street there.

Senator TOBEY. Jimmie died, didn't he?

Mr. KESSLER. Yes, sir.

Senator TOBEY. That is all.

Mr. KOSTELANETZ. Why haven't you worked since February?

Mr. KESSLER. There hasn't been any work. I keep thinking about it all the time, as my wife does, that we are sorry we ever left Las Vegas. We could have made our home out there where it is legal, and it would be just like—well, it would be like working in a store. You go to sleep at night and you know the next night the place will be open, which is always the constant fear in your mind when you are working where it isn't legal, that you leave there that night and you don't know whether it will be there the next night.

Mr. HALLEY. What was your salary at these different places?

Mr. KESSLER. What?

Mr. HALLEY. What was your salary?

Mr. KESSLER. My salary? In Florida the salary was \$225 a week, and here where you figure to work longer and more steady, \$100 a week. The reason they pay more money when you go to a resort is that you are maintaining two residences. You have to keep your home up where you left because you know you are going to be down in Florida, you figure to be down there only about 3 months or 4 months at the most. So you are paying rent down there and have your living expenses and you are also maintaining a home.

Mr. HALLEY. What did they pay the operators?

Mr. KESSLER. When I was in Las Vegas I was the pit boss and I got \$40 a day.

Mr. HALLEY. What is a pit boss?

Mr. KESSLER. They call it a pit boss out there. In the East they would call it a floorman. I had charge of the wheels, floorman. I was like an overseer to watch the dealers.

Mr. HALLEY. Why did you leave if you were getting \$40 a day?

Mr. KESSLER. Well, everybody who was out there when I went out, and then the place was sold. I really hadn't made many friends out there when I went out because I just knew these fellows who went out there. When they all left, my wife didn't have anyone out there, and I guess she was getting lonesome for her folks here. So we decided, well, we will come back, thinking, or, in fact, I was practically told that any time I wanted to come back by other bosses out there in other places, because I had a pretty good reputation out there.

Mr. HALLEY. Who got you the job at the Flamingo?

Mr. KESSLER. Manny Schafer.

Mr. HALLEY. Did he know Siegel?

Mr. KESSLER. Yes. He got the job through Bugsy Siegel.

Mr. HALLEY. When did you first meet Bugsy Siegel?

Mr. KESSLER. When I was at the Flamingo.

Mr. HALLEY. Did you ever see Bugsy Siegel back here in the East?

Mr. KESSLER. No, I never saw him around here.

Mr. HALLEY. Were you there when Siegel was killed?

Mr. KESSLER. Yes, sir.

Senator TOBEY. Whose home was it in?

Mr. KESSLER. Which—you mean in Las Vegas?

Senator TOBEY. Where Bugsy was killed.

Mr. KESSLER. From what I read in the paper, a girl by the name of—

Senator TOBEY. Virginia Hill?

Mr. KESSLER. Yes.

Senator TOBEY. Did you ever see her?

Mr. KESSLER. Yes. I would see her around the Flamingo.

Senator TOBEY. She was there a good deal, was she?

Mr. KESSLER. Not too often.

Senator TOBEY. Was he with her, was Bugsy with her when she was there?

Mr. KESSLER. I would see them walking together or something like that.

Senator TOBEY. Who were her other intimates?

Mr. KESSLER. I didn't see any others. She was mostly there alone or with another girl. There would be another girl.

Senator TOBEY. That is in Las Vegas?

Mr. KESSLER. Yes, sir.

Senator TOBEY. What is the name of the place?

Mr. KESSLER. The Flamingo.

Senator TOBEY. Was she good looking?

Mr. KESSLER. Well, she was, I guess what you would call a type.

Senator TOBEY. She married a man named Hauser?

Mr. KESSLER. Yes, that is what I read, a Norwegian or something.

Mr. HALLEY. When Siegel was murdered, the management of the Flamingo changed immediately, didn't it?

Mr. KESSLER. No, it didn't change until we left. I mean, I guess they were negotiating or something. The running of the place just kept on running. Mr. Schafer was the floorman there. He had charge of the casino. It just seemed to run, although we had heard rumors that the place was going to change hands. Usually those places when they change hands they bring in all new help.

Mr. HALLEY. You heard that before Siegel was killed?

Mr. KESSLER. No, this was the talk afterward, that the place was going to be sold.

Mr. HALLEY. Did you ever find out why Siegel had to send East for a crew to run the Flamingo?

Mr. KESSLER. I think there were only myself and Manny, and I think about two or three other fellows who were out there from the East. The rest were mostly help in Las Vegas because there was always a tremendous lot of fellows coming in and going out.

Mr. HALLEY. You were the top people who were running the floor, is that right?

Mr. KESSLER. I had nothing to do with the floor. Mine was just the wheel. Mr. Schafer had charge of the floor.

Mr. HALLEY. Then the two people in charge of the Flamingo were you and Schafer, is that right?

Mr. KESSLER. No, no.

Mr. HALLEY. You had the wheels. That is gambling, isn't it?

Mr. KESSLER. Yes. But I had no say. I had the say over the dealers, but not the actual game itself. I had nothing to do with the money, or anything like that.

Mr. HALLEY. I understand that. Schafer was in charge of the whole thing, is that right?

Mr. KESSLER. Yes. There were two shifts out there, eventually it wound up three shifts; three 8-hour shifts around the clock. Mr. Schafer couldn't be there all the time, so he would be there from 8 o'clock in the evening until 4 o'clock. Sometimes in the afternoon he would drop in and look around. Other than that, Mr. Siegel was there almost all the time because he lived in the hotel.

Mr. HALLEY. He actually supervised?

Mr. KESSLER. Yes. He was the boss.

Senator TOBEY. Tell me how far was this—did Virginia own the home? Was it her house?

Mr. KESSLER. That I don't know. According to the papers I think she rented it from somebody.

Senator TOBEY. How far was that from Las Vegas?

Mr. KESSLER. Three hundred miles, I would say. At least it is 300 miles to Los Angeles.

Senator TOBEY. Her home was in Los Angeles, was it?

Mr. KESSLER. In Beverly Hills; yes, sir.

Senator TOBEY. People think nothing of driving down 300 miles to go down there?

Mr. KESSLER. Who?

Senator TOBEY. The gamblers think nothing of that 300-mile trip?

Mr. KESSLER. Oh, well, if they took a trip like that they usually stay for the week end.

Senator TOBEY. I see.

The CHAIRMAN. They usually come by plane, too, don't they?

Mr. KESSLER. Yes, sir; and train.

The CHAIRMAN. Mr. Kessler, isn't there some kind of club or association or union that you gambling operators belong to where you can be found?

Mr. KESSLER. No, sir.

The CHAIRMAN. You don't have any kind of organization at all?

Mr. KESSLER. No, sir. While I was out in Las Vegas I heard a story that there was some fellow who wanted to organize the dealers and make a union, but the dealers wouldn't go for it because you can work in a gambling house out there for your entire life if you do your work and don't steal, but if you steal, there isn't any union or anybody who is going to help you keep your job after that.

The CHAIRMAN. Anything else, gentlemen?

Mr. HALLEY. Nothing else.

The CHAIRMAN. That is all, thank you, Mr. Kessler.

Mr. KESSLER. We will return your papers to you.

O. K., thank you.

The CHAIRMAN. Mr. Orecchio, do you solemnly swear the testimony you will give this committee will be the truth and nothing but the truth, so help you God?

Mr. ORECCHIO. I do.

TESTIMONY OF MICHAEL ORECCHIO, FAIRVIEW, N. J.

The CHAIRMAN. What is your full name?

Mr. ORECCHIO. Michael Orecchio.

Mr. HALLEY. Your address, please?

Mr. ORECCHIO. 173 Anderson Avenue, Fairview.

Mr. HALLEY. What is your position?

Mr. ORECCHIO. I am chief of the county detectives in the office of the county prosecutor.

Mr. HALLEY. For Bergen County?

Mr. ORECCHIO. That is right.

Mr. HALLEY. Were you served with a subpoena to bring with you certain records?

Mr. ORECCHIO. I didn't get the subpoena until Mr. Winne called me. I was in Colorado. However, one of my lieutenants had a subpoena and I presumed that mine was the same, so I brought the records that were requested in that subpoena.

Mr. HALLEY. Were you at the convention, the International Association of Chiefs of Police?

Mr. ORECCHIO. That is right. I flew in this morning at 2:30.

Mr. HALLEY. What records have you produced?

Mr. ORECCHIO. My income taxes from 1945.

Mr. HALLEY. Anything else?

Mr. ORECCHIO. I have all canceled checks and bank balances, whatever was asked in the subpoena.

Mr. HALLEY. Would you turn them over to the investigator for the committee?

How long have you been chief of police?

Mr. ORECCHIO. I have been chief of county detectives for about 6 years.

Mr. HALLEY. During that time what has been your record with respect to gambling in Bergen County?

Mr. ORECCHIO. I don't quite get the question, sir.

Mr. HALLEY. What has been the condition in Bergen County with reference to gambling?

Mr. ORECCHIO. I would say that the condition in Bergen County, considering its size and complexion, is about the same as it is everywhere else.

Senator TOBEY. That isn't a good enough answer. It is too general.

Mr. ORECCHIO. I don't quite understand the question.

Senator TOBEY. That isn't a good enough answer to me as one member of the committee. It is too general. We are interested in Bergen County. We have cases of gambling there and you are chief of the county detectives and you dismiss the thing by saying it is the same as everywhere else. That doesn't suit me.

Mr. HALLEY. To your knowledge has there been gambling in Bergen County?

Mr. ORECCHIO. To my knowledge there has been gambling in Bergen County, and in all those cases that I have knowledge of, there have been people arrested and tried.

Mr. HALLEY. Did you have knowledge of the operation at Lodi? Was that during your tenure of office?

Mr. ORECCHIO. I don't know what case you are referring to, but if it is the case that the newspapers are talking about, it was during my tenure, yes.

Mr. HALLEY. Did you have knowledge of it?

Mr. ORECCHIO. We had knowledge to the extent that we tried a man and he is now in State prison.

Mr. HALLEY. That is Guarini?

Mr. ORECCHIO. That is Guarini; yes, sir.

Mr. HALLEY. Would you tell the committee a little bit about the investigation, just briefly, not any more detailed than necessary, and the conviction of Guarini?

Mr. ORECCHIO. The conviction of Guarini in the Lodi case came about as a result of information that we obtained in the Stark case.

Mr. HALLEY. The Stark case was prosecuted here in New York State.

Mr. ORECCHIO. That is right. As a result of that, certain names came up in that case, one was—

Mr. HALLEY. Did Lynch's name come up?

Mr. ORECCHIO. No. Kitty, Frank—I have the names here. I will read them off. That is Milton Frank and Kitty Klein. When they were arrested they implicated Anthony Guarini. And Anthony Guarini surrendered himself and was tried. Rather he pleaded guilty and was sentenced to 1 to 3 years in the State prison.

Mr. HALLEY. What was the sentence?

Mr. ORECCHIO. One to three years.

Mr. HALLEY. For what offense?

Mr. ORECCHIO. Maintaining a disorderly house.

Mr. HALLEY. Did you make any effort to find out if Guarini had associates in that business?

Mr. ORECCHIO. We certainly did.

Mr. HALLEY. Did you find out whether he did have any?

Mr. ORECCHIO. He refused, if he did, to tell us about it. We questioned him for several hours.

Mr. HALLEY. Did you ever ask the district attorney in New York County for any checks that Stark cashed?

Mr. ORECCHIO. Mr. Woody, the prosecutor, handled that part of it.

Mr. HALLEY. You never in your investigation tried to find out that?

Mr. ORECCHIO. I am only in law enforcement and not the trial part.

Mr. HALLEY. You are in the investigative end, are you not?

Mr. ORECCHIO. That is correct.

Mr. HALLEY. In the course of your investigation did you ever attempt to see any of the checks which formed the basis of the Stark prosecution?

Mr. ORECCHIO. We went a little further than that, sir. We requested and paid for an entire transcript of the Stark trial.

Mr. HALLEY. Didn't the Stark transcript show other names? Did, for instance, the name of James Lynch come up?

Mr. ORECCHIO. As being part owner of this place, sir?

Mr. HALLEY. In any way whatsoever.

Mr. ORECCHIO. I don't recall. It was between 2 and 3 inches in thickness. I don't remember everything in it.

Mr. HALLEY. Do you know James Lynch?

Mr. ORECCHIO. No, sir. I know him by reputation, yes.

Mr. HALLEY. Did you ever meet him?

Mr. ORECCHIO. No, sir.

Mr. HALLEY. Does the name of Joe Doto come up, alias Joe Adonis, in the course of your investigation?

Mr. ORECCHIO. In the Lodi case?

Mr. HALLEY. Yes.

Mr. ORECCHIO. I don't think it did, sir.

Mr. HALLEY. You never heard of Joe Doto in connection with the Lodi operation?

Mr. ORECCHIO. Not in the Max Stark case.

Mr. HALLEY. You investigated, didn't you, independently of the Max Stark case?

Mr. ORECCHIO. We investigated as a result. Of course the place was closed at that time, sir.

Mr. HALLEY. By the time you got it, it was closed.

Mr. ORECCHIO. Sure.

Mr. HALLEY. You never heard of Joe Doto being connected with that at all?

Mr. ORECCHIO. No, I didn't.

Mr. HALLEY. Do you know Joe Doto?

Mr. ORECCHIO. I know him by reputation only. That is all.

Mr. HALLEY. You have never seen him?

Mr. ORECCHIO. I have never met him.

Mr. HALLEY. Did you hear whether Salvatore Moretti, Solly Moretti, was connected with the Lodi place?

Mr. ORECCHIO. I don't recall, sir. I would have to have the transcript. I don't recall.

Mr. HALLEY. Did you ever investigate Salvatore Moretti?

Mr. ORECCHIO. Yes, I did, about 4 years ago.

Mr. HALLEY. In connection with what?

Mr. ORECCHIO. I investigated the place called Duke's Tavern up in Cliffside Park. When we went in there we found the two Moretti brothers in the place. As a matter of fact, it was the first time I had seen him, and it was the last time I ever saw him. Solly and Willie Moretti.

Mr. HALLEY. You say you have never seen them on any other occasion?

Mr. ORECCHIO. I have never seen the men on any other occasion.

Mr. HALLEY. Except on one occasion when you went into Duke's place?

Mr. ORECCHIO. That is right. During the investigation we investigated five or six places, and this was one of them, and we walked in there. I think we were investigating for bookmaking. They were seated in there. We asked them who they were and they gave their names.

Mr. HALLEY. Do you know Gerald Catena?

Mr. ORECCHIO. No, sir.

Mr. HALLEY. You never saw him?

Mr. ORECCHIO. Never saw him.

Mr. HALLEY. Do you know whether he had any connection with the Lodi operation?

Mr. ORECCHIO. I do not, sir; no.

Mr. HALLEY. Did you ever investigate?

Mr. ORECCHIO. Did I ever investigate Catena?

Mr. HALLEY. Yes.

Mr. ORECCHIO. I don't believe we ever did. We know he is not a Bergen County man and never operated in Bergen County.

Mr. HALLEY. Did you ever ask who filed the income-tax returns for the Lodi operation?

Mr. ORECCHIO. I don't believe my office did, sir, but that again is in the legal department. I wouldn't handle that.

Mr. HALLEY. Did you make any attempt to find the records for the Lodi operation?

Mr. ORECCHIO. I don't know what records you speak of, sir. I am sorry.

Mr. HALLEY. It was a business, was it not?

Mr. ORECCHIO. What do you mean, it was a business?

Mr. HALLEY. What went on at Lodi? What did you send Guarini to jail for?

Mr. ORECCHIO. We sent him to jail for maintaining a disorderly house. He testified that he was conducting there a floating crap game, a hit-and-run game.

Mr. HALLEY. Did you make any attempt to find out whether it was a hit-and-run game?

Mr. ORECCHIO. Yes, we did.

Mr. HALLEY. What did you do?

Mr. ORECCHIO. When we got information from New York as a result of the Max Stark case that this house was supposed to be operating in Lodi, we got hold of the Lodi police and we went over there, and for about four blocks each side of this garage we questioned everyone to determine if there had been any activity as mentioned in the Max Stark case in that area. Everyone said that they knew nothing about it.

Mr. HALLEY. Did you attempt to find any employee of the place?

Mr. ORECCHIO. Yes, we did.

Mr. HALLEY. Did you succeed?

Mr. ORECCHIO. No, sir.

Mr. HALLEY. You found no employee?

Mr. ORECCHIO. No, sir.

Mr. HALLEY. Did you ever ask Mr. Logan's office for any help?

Mr. ORECCHIO. Yes; Mr. Woody did that many times.

Mr. HALLEY. And got no leads from Mr. Logan?

Mr. ORECCHIO. I can't answer for Mr. Woody, but it was never turned over to me. I am sure it was not given to him.

Mr. HALLEY. You as the investigator got no leads out of that record that helped you find any employee?

Mr. ORECCHIO. No, sir.

Mr. HALLEY. Didn't the record itself say that James Lynch had endorsed practically all these checks?

Mr. ORECCHIO. I believe that was in the record; yes, sir.

Mr. HALLEY. Did you call James Lynch in for questioning?

Mr. ORECCHIO. I don't recall now whether we did or not. I couldn't say without the office records.

Mr. HALLEY. If you did, it left no impression at the time?

Mr. ORECCHIO. I handle over 2,000 cases a year in my office, and I just can't here and now, without any record—I am sure you will appreciate that, sir, that I just can't on this one case give you all the detail without the office records.

Mr. HALLEY. That was a pretty important case; was it not?

Mr. ORECCHIO. It was an important case. Any case in Bergen County that is of this nature is important to us.

Mr. HALLEY. When you arrested Guarini did you question him?

Mr. ORECCHIO. I certainly did.

Mr. HALLEY. Did you ask him if he kept any books of account or records?

Mr. ORECCHIO. Mr. Guarini refused to talk, sir. He was questioned by Mr. Depew, the first assistant prosecutor.

Mr. HALLEY. You say he stated he was having a hit-and-run crap game. He gave some testimony.

Mr. ORECCHIO. I meant, sir, beyond that he refused to say. He said that is my game. "I am telling you that is my game. It was a floating crap game. Here I am." and that is that.

Mr. HALLEY. You made no effort to find out if there were any records of income-tax payments, who filed them, what accountant did the work, and nothing of that kind?

Mr. ORECCHIO. I don't believe an investigation by our office of his income tax was made; no, sir. That again we will have to check with Mr. Woody and the legal department.

Mr. HALLEY. Isn't it a fact that you were advised by Vincent O'Connor, of Logan's office, about the Lodi crap game in August of 1948?

Mr. ORECCHIO. I was not advised, sir; no.

Mr. HALLEY. Do you know Vincent O'Connor?

Mr. ORECCHIO. I met him twice.

Mr. HALLEY. About the time that the Stark case was tried?

Mr. ORECCHIO. I do not recall whether it was at that time or not, sir.

Mr. HALLEY. You say you don't know Willie Moretti?

Mr. ORECCHIO. I said I knew Willie Moretti. I know those characters that you speak of by reputation. That is my job, to know these people.

Mr. HALLEY. But you don't know him personally?

Mr. ORECCHIO. I saw him once in my life. That is all.

Mr. HALLEY. Are you a man of substantial means?

Mr. ORECCHIO. That all depends on what you consider substantial means.

Mr. HALLEY. Where do you live?

Mr. ORECCHIO. Where do I live?

Mr. HALLEY. Yes.

Mr. ORECCHIO. I live in an apartment house.

Mr. HALLEY. Whereabouts?

Mr. ORECCHIO. In Fairview.

Mr. HALLEY. Fairview.

Mr. ORECCHIO. Yes.

Mr. HALLEY. You have an automobile?

Mr. ORECCHIO. Yes, a county car.

Mr. HALLEY. You use a county automobile?

Mr. ORECCHIO. Yes.

Mr. HALLEY. You have a man to drive it, I suppose.

Mr. ORECCHIO. I drive myself most of the time.

Mr. HALLEY. The rest of the time you have a man to drive you?

Mr. ORECCHIO. If I am going out on an investigation, a man from the office drives me.

Mr. HALLEY. What is your income as chief of the county detectives?

Mr. ORECCHIO. As chief of county detectives, my salary is \$4,700.

Mr. HALLEY. Have you had any other income in the last 5 years?

Mr. ORECCHIO. Yes, I have.

Mr. HALLEY. What is that?

Mr. ORECCHIO. I have several incomes. I have an income from a real estate and insurance office that I have had for 23 years. I used to be secretary or congressional aide in Washington to Congressman Frank C. Osmer, Jr. Maybe the two Senators might remember him.

The CHAIRMAN. Congressional what? Were secretary of what?

Mr. ORECCHIO. We called them congressional aides, Senator, district secretary to the Congressman Frank C. Osmer, Jr.

Mr. HALLEY. Who are your partners in the real estate and insurance business?

Mr. ORECCHIO. I have no partners.

Mr. HALLEY. It is your own personal business?

Mr. ORECCHIO. That is right. Incidentally, I left off there in the middle of the sentence. I want to continue that.

Mr. HALLEY. Surely, go right ahead.

Mr. ORECCHIO. I don't know.

The CHAIRMAN. You said you were district secretary for Congressman Frank C. Osmer, Jr.

Mr. ORECCHIO. That is right. I have an income from that of \$12,000 that the Congressman owed me in back salary. At one time I was in the plumbing and heating business. I am recognized in the trade as a domestic engineer. I was associated with my brother, and about 3 years ago, about 3½ years ago, we separated, and I sold materials that we had in the warehouse, which went toward my income amounting to about \$7,000.

Senator TOBEY. Who appointed you to the chief of county detectives?

Mr. ORECCHIO. Mr. Winne.

Senator TOBEY. What is his position?

Mr. ORECCHIO. I didn't hear you.

Senator TOBEY. What is his position?

Mr. ORECCHIO. He is the prosecutor.

Senator TOBEY. State or county?

Mr. ORECCHIO. He is the county prosecutor.

Mr. HALLEY. Have you filed amended income-tax returns for any of the years that you have brought?

Mr. ORECCHIO. I didn't get the first part of your question.

Mr. HALLEY. Have you filed amended income-tax returns for any of the years from 1946 to 1950?

Mr. ORECCHIO. Well, I have filed for all those years, but the book-keeper takes care of that. Whatever the income was, he took care of it.

Mr. HALLEY. The question is, Have you amended your income-tax returns for any of those years?

Mr. ORECCHIO. I think once or twice, sir, but I don't remember what year, not without looking.

Mr. HALLEY. Would looking at these records help?

Mr. ORECCHIO. I don't know because the work sheets aren't there.

Mr. HALLEY. Where are the work sheets?

Mr. ORECCHIO. They are in the hands of the accountant.

Mr. HALLEY. You haven't brought in any amended returns, have you?

Mr. ORECCHIO. No, I haven't. That is all I have, what I brought here.

Mr. HALLEY. Under what circumstances did you amend any income-tax return?

Mr. ORECCHIO. I don't remember the circumstances, sir, but I think 1 year it went over the estimated income. I am sure that is what you are asking, isn't it? If it goes over the estimated income, you have to amend it.

Mr. HALLEY. That is one form of amendment.

Mr. ORECCHIO. That is the only one. I don't know of any others.

Mr. HALLEY. You have in mind amending the estimated return?

Mr. ORECCHIO. That is right.

Mr. HALLEY. The question was, Have you ever amended a final return?

Mr. ORECCHIO. I don't know, sir.

Mr. HALLEY. You would know if you had done it, would you not?

Mr. ORECCHIO. I think I would; yes. I don't believe I have.

Mr. HALLEY. You have not had occasion to amend the final income tax return?

Mr. ORECCHIO. If I have, it would show in the record, sir.

Mr. HALLEY. How long have you had this insurance and real-estate business?

Mr. ORECCHIO. 24 years.

Mr. HALLEY. Who handles it for you now?

Mr. ORECCHIO. Since 1946 my boy, who was in the Marines, came out and he is working for me. He handles it.

Mr. HALLEY. Do you have any other employees there?

Mr. ORECCHIO. I have a secretary, yes, and I have a salesman, real-estate salesman.

Mr. HALLEY. Do you devote any of your time to it?

Mr. ORECCHIO. Not too much. Very little. I can't.

Mr. HALLEY. What other income have you? Do you own any real estate yourself?

Mr. ORECCHIO. No; I own this house that I live in, two-family and one-story apartment house.

Mr. HALLEY. When did you purchase that?

Mr. ORECCHIO. I purchased that 14 years ago.

Mr. HALLEY. You have owned it ever since?

Mr. ORECCHIO. I have owned it ever since; yes, sir.

Mr. HALLEY. Have you any other real estate?

Mr. ORECCHIO. I have a couple of lots. They don't amount to anything, about \$4,000.

Mr. HALLEY. What would you say was your net worth in terms of cash in the bank or in a box?

Mr. ORECCHIO. You mean as of right now?

Mr. HALLEY. Yes.

Mr. ORECCHIO. That is hard to say without the records. I would say around 25 or 30 thousand dollars.

Mr. HALLEY. Do you have any other cash in the form of bills and currency?

Mr. ORECCHIO. I have a safe deposit box.

Mr. HALLEY. Do you keep currency in that box?

Mr. ORECCHIO. Surely.

Mr. HALLEY. How much do you have in that box?

Mr. ORECCHIO. I have \$10,000 in that box.

Mr. HALLEY. Do you have any particular occasion for needing that sum of money in cash?

Mr. ORECCHIO. It all depends. We like to keep cash on hand, particularly if we have a piece of property that looks good to us that we want to buy we make quick use of the cash, and we do it. As a matter of fact, we haven't done it. I don't think we have touched that. I haven't. I say we. I haven't touched it in I guess a year and a half or 2 years.

Senator TOBEY. Could you draw the cash quicker than you could draw a check?

Mr. ORECCHIO. Not necessarily, sir. It is merely my way of doing business, that is all.

Mr. HALLEY. How do you accumulate—

Mr. ORECCHIO. I have a cash account. I have an account. I have a checking account. Here are all my canceled checks. I have a savings account. It is all open. It is all on the record.

Mr. HALLEY. Do you have any cash in any other place but your safety deposit box?

Mr. ORECCHIO. No; I haven't.

Mr. HALLEY. Does your wife own any property?

Mr. ORECCHIO. My wife has no property.

Mr. HALLEY. I notice here some income from a beauty parlor.

Mr. ORECCHIO. Oh, yes; a couple of years ago I took a share in a beauty parlor, and that income doesn't amount to much, as you can see, a couple of hundred dollars a year.

Mr. HALLEY. How much did that part of the beauty parlor cost?

Mr. ORECCHIO. \$2,500.

Mr. HALLEY. What was your income prior to your becoming chief of detectives?

Mr. ORECCHIO. For how long a period, sir?

Mr. HALLEY. Let us see. When did you become chief of detectives?

Mr. ORECCHIO. April of 1944.

Mr. HALLEY. Prior to that, did you have any public office?

Mr. ORECCHIO. Yes. I was chief investigator for the Bergen County Board of Elections.

Mr. HALLEY. For how long?

Mr. ORECCHIO. I think about 5 years, sir; 4 or 5 years.

Mr. HALLEY. Prior to that, did you hold any public office?

Mr. ORECCHIO. No; I did not.

Mr. HALLEY. You have not brought your returns prior to 1945?

Mr. ORECCHIO. No. As I say, I went by what the subpoena read for Lieutenant Guidetti.

Mr. HALLEY. That would be right. In 1945, I notice your income from your outside business was \$3,264. Is that approximately right?

Mr. ORECCHIO. Whatever is on there, sir. I can't remember.

Mr. HALLEY. It varies considerably from year to year?

Mr. ORECCHIO. That is right, sir.

Mr. HALLEY. For instance, in 1948, it apparently was somewhat larger. It seems to be \$5,837.

Mr. ORECCHIO. The reason for that is the real estate end of it. If we sell more property, naturally we get more commissions.

Mr. HALLEY. What sort of customers do you have for your insurance business?

Mr. ORECCHIO. The general run of clientele, automobile, fire, mercantile, marine. We handle every type of insurance.

Mr. HALLEY. Do you have many businessmen in the community who are your customers?

Mr. ORECCHIO. Yes; we have.

Mr. HALLEY. Do you feel that with an active business of that kind, you can devote enough time to your work as chief of detectives?

Mr. ORECCHIO. I am giving it hardly any time, as I stated a few moments ago. I can't. My boy takes care of that. Most of my time, as a matter of fact all of my time, I have to devote to my duties as chief of the county detectives.

Mr. HALLEY. This committee has been hearing evidence for 2 days about open and notorious operations at Lodi, at the place called the carriage factory, at several other locations, from 1945 right up to the end of 1949. Apparently the only place that you prosecuted at all is the one that grew out of the New York indictment of Max Stark. The only person you prosecuted there was Anthony Guarini, although the evidence was not at all so confined, but he had several partners. Have you any explanation to offer as to why your office was not aware of these conditions and did nothing about them?

Mr. ORECCHIO. May I take a moment, gentlemen, to make the position of my office clear first? I think we could get a better picture.

The office of the prosecutor, who is known as the prosecutor of the pleas, is not a police agency. That was made very emphatic by the prosecutor. The job of policing primarily belongs to the local police. In Bergen County, an area of 500 square miles, with 70 cities and municipalities, 64 organized police departments, you can readily appreciate that it would be a physical impossibility for the prosecutor's office to police, when I have 8 detectives and 6 investigators.

There are 800 policemen in the county, local policemen, who do that job. Our job is to assist. We are the technicians. If the local police need help, they come to us, and we give them that help.

We have experts in every field. My work is criminology. We have experts in ballistics, and so on and so forth. That is primarily our job, not that of policing.

You also have another agency policing Bergen County. The Bergen County police department polices Bergen County. You have another agency in the attorney general, who is here, and he can bear me out that the State police department polices Bergen County. You have another agency that polices Bergen County, the ABC, the alcoholic beverage commission polices Bergen County.

Let us get ourselves straight on one thing, gentlemen. We are not the police of the county. We present cases to the grand jury. We try those cases, and we try the appeals. We render assistance to any local police department that wants it.

Leave it off there for a moment, and I will answer your question, sir, by saying this is not the only case in Bergen County that has been prosecuted for gambling. There have been many cases of gambling prosecuted successfully in Bergen County. When I say "many," I don't mean hundreds, but there have been many cases. The arrests originally were either made by the local police, or they were made by my office. There were many raids instigated out of my office by me. The records in our office will show that.

So it isn't true that this is the only case, and that this case came to us as a result of the New York police or the New York district attorney's office bringing it to our attention, because as a matter of fact, gentlemen, in law enforcement it is good practice, it is common practice, for the police of one State, of one jurisdiction, to give assistance to another. We do it in our investigations. If we find out that there is something of interest to New York City, we turn it over, and as a result of that they may make an arrest. That is the way it works. That is common police practice. It is the best form. That happens all the time.

But I don't want—just a minute, please. I don't want to leave the impression that no arrests are made in Bergen County or no cases tried in Bergen County unless an outside jurisdiction comes in and makes that case for us. That is absolutely an erroneous impression, and I want to clear it on the record right away.

Mr. HALLEY. Right at that point, what we are really trying to find out is why, when you make arrests in Bergen County, do you steer clear of people like Joe Adonis, Salvatore Moretti, Jerry Catena, James Rutkin, James Lynch, and Arthur Longano?

Mr. ORECCHIO. Mr. Counsel, let me tell you something, and the rest of the people around this table. I am one man that doesn't steer clear of anybody.

Mr. HALLEY. How could you have missed these people when the Lodi operation was called to your attention?

Mr. ORECCHIO. I may add, when it comes to prosecution, I will prosecute anyone if the evidence I can get on them will stand up in court.

Mr. HALLEY. Could we stick to concrete facts, and let's assume your good intentions. The concrete fact is that Guarini was indicted and pleaded guilty. When did Guarini plead guilty?

Mr. ORECCHIO. I have "Sentenced April 5, 1950," but I don't know when he pleaded guilty. I was not given that record. He was sentenced on April 5, 1950, this year.

Mr. HALLEY. Do you know when he was indicted?

Mr. ORECCHIO. Offhand, may I say about a month before that? That is the best recollection I have of it.

Mr. HALLEY. In your efforts to investigate that matter, didn't you first learn about it in 1948?

Mr. ORECCHIO. Do you mean that there was a complaint in 1948 on this particular premise?

Mr. HALLEY. Didn't the Max Stark situation break in 1948?

Mr. ORECCHIO. Oh, no; I don't think so. No; there was a lapse of 2 years, I am sure of that. I wish I had the records here. I haven't got them, gentlemen.

Mr. HALLEY. Wasn't the first information from Hogan's office in 1948?

Mr. ORECCHIO. I don't know what information you are referring to, sir.

Mr. HALLEY. The information that they had found these checks being cashed by Max Stark.

Mr. ORECCHIO. In 1948?

Mr. HALLEY. Yes, in August. You see, they caught up with Stark in 1948.

Mr. ORECCHIO. I can't give you the dates without the records, sir.

Mr. HALLEY. How long did your investigation of Guarini take?

Mr. ORECCHIO. The actual time taken, consumed by that investigation, again, sir, I would have to have the record. I can't remember whether it was a week, 2 weeks, a month, 3 months, or what.

Mr. HALLEY. When did you get back from Denver?

Mr. ORECCHIO. I got back last night from Denver.

Mr. HALLEY. And you have had no time since then to check the records?

Mr. ORECCHIO. I went to bed this morning at 3:30, and I was up at 6:30 to be here this morning.

Mr. HALLEY. You didn't ask any of your staff?

Mr. ORECCHIO. My staff is off today. The office is closed.

Mr. HALLEY. This is in the nature of an unusual situation?

Mr. ORECCHIO. No, sir. I am giving you an answer. There was no one in the office this morning.

Mr. HALLEY. Had you asked your chief assistant to meet you here with some records to refresh your memory so you could show a proper respect for a Senate committee, you might have been in a position to testify about this.

Mr. ORECCHIO. Had I known, sir, that those were the records, Mr. Winne would have asked me to bring them over.

Mr. HALLEY. You couldn't have any doubt what this committee was looking into?

Mr. ORECCHIO. I didn't know, sir. I only went by what was on that subpoena. We have a stack of records over in the office. If you want me to bring all the records over, we will cart them over. They are the records of the prosecutor's office. They are open to inspection any time.

Mr. HALLEY. Did you ever read in the newspapers, in the spring of this year, that an accountant by the name of Goldstein had been subpoenaed by Mr. Hogan's office, and that, in fact, this committee was seeking to get Goldstein's records bearing on gambling in Jersey?

Mr. ORECCHIO. I read that, sir, yes.

Mr. HALLEY. Did it occur to you to serve a subpoena on that Goldstein?

Mr. ORECCHIO. That is not my job, sir. I am afraid you have my job a little bit mixed up. I don't handle that end of it.

Mr. HALLEY. Let's see what end of it you handle. Not quite so fast, please. Doesn't your office have the job of investigating, for prosecution, cases which have been brought up for indictment?

Mr. ORECCHIO. Within our county?

Mr. HALLEY. Yes.

Mr. ORECCHIO. That is right.

Mr. HALLEY. And the Guarini case was in your office, is that right?

Mr. ORECCHIO. That is right.

Mr. HALLEY. You knew, or had access to knowledge, that Goldstein was the accountant who handled matters for people of Guarini's type, did you not?

Mr. ORECCHIO. That is right; I did.

Mr. HALLEY. In connection with trying to find out who were Guarini's associates, it might have been possible to subpoena some records from Goldstein and find out from a man who could not have raised any constitutional question, namely, the accountant.

Mr. ORECCHIO. Let me make my position clear again. I am not trying to shirk any responsibility, Mr. Counselor, but again, I think that my position in the office is not quite clear. When a case is in the process of being tried, an assistant prosecutor will outline everything that he wants in that case. Whatever he asks for, he gets. I cannot say exactly what it is, without the records.

Mr. HALLEY. It may be that the buck should be passed. If so, to whom should it be passed?

Mr. ORECCHIO. I will not pass the buck. I am not passing the buck. I am merely stating the facts, sir.

Mr. HALLEY. Do you have some figures on that paper?

Mr. ORECCHIO. No. This is the case.

Mr. HALLEY. The Guarini case?

Mr. ORECCHIO. Yes.

Mr. HALLEY. Who prepared that for you?

Mr. ORECCHIO. This was given to me by Mr. Winne.

Mr. HALLEY. When did he give you that?

Mr. ORECCHIO. He gave me this this morning.

Mr. HALLEY. So he must have known you were coming over here to testify about that case.

Mr. ORECCHIO. Mr. Winne called me in Denver and told me to be here. I don't know whether he knew I was going to testify about this case or not. This is not the only case on here.

Mr. HALLEY. What information do you have?

Mr. ORECCHIO. Cases on here which we have tried.

Mr. HALLEY. What information do you have on that paper about the Guarini case?

Mr. ORECCHIO. Particularly about the Guarini case?

Mr. HALLEY. Yes.

Mr. ORECCHIO. The fact that Milton Frank and Kitty Klein were the ones that were turned up by the Max Stark investigation; that they implicated Guarini; that Guarini and Klein and Frank were tried; that Klein and Frank were given 3 months in the county jail, and Guarini both 1 to 3 years in State's prison and a thousand-dollar fine; the time of the sentence.

Mr. HALLEY. Did you see Mr. Winne when you came in last night?

Mr. ORECCHIO. No, sir.

Mr. HALLEY. Or this morning?

Mr. ORECCHIO. I saw him this morning.

Mr. HALLEY. Where did you see him, and when?

Mr. ORECCHIO. I saw him at his home.

Mr. HALLEY. And he had that statement ready for you?

Mr. ORECCHIO. That is right.

Mr. HALLEY. At that time, were you able to refresh your recollection about the other matters I have asked you about?

Mr. ORECCHIO. I haven't refreshed my recollection on anything, sir. I just came over here. I looked at Mr. Guidetti's subpoena. I said, "I guess this is what they want," packed it up in the office, and brought it over. Here I am.

Mr. HALLEY. You made no attempt to check on James Lynch's name which appeared on all the checks?

Mr. ORECCHIO. When?

Mr. HALLEY. In connection with the Guarini investigation.

Mr. ORECCHIO. I can't say that I did not, because I think I did, sir. If I had the records here, I think we could check that.

Mr. HALLEY. If you did, how could you have avoided indicting Lynch?

Mr. ORECCHIO. I don't handle the indictments. The prosecutor handles that.

Mr. HALLEY. Did you present a memorandum of facts to the prosecutor?

Mr. ORECCHIO. I cannot recall whether I did or not, sir.

Mr. HALLEY. Will you be able to check your records and give all the information to this committee?

Mr. ORECCHIO. Yes, sir, absolutely. Our records are in good order.

Mr. HALLEY. Will you give all that information to Mr. Kostelanetz?

Mr. ORECCHIO. I will be glad to.

Mr. HALLEY. Tomorrow. You can bring it here to New York for him.

Mr. ORECCHIO. Fine.

Mr. HALLEY. That is all.

The CHAIRMAN. Just two questions. Do you have some insurance on People's Express?

Mr. ORECCHIO. No, sir.

The CHAIRMAN. Mr. Catena?

Mr. ORECCHIO. No, sir.

The CHAIRMAN. Mr. Doto?

Mr. ORECCHIO. No, sir. In the first place——

The CHAIRMAN. Mr. Rutkin?

Mr. ORECCHIO. In the first place, may I interrupt, please, I wouldn't permit my office to insure any known racketeers or gamblers or anybody like that.

The CHAIRMAN. So you do not think you have any on any known racketeers?

Mr. ORECCHIO. It isn't a question of not thinking. I make that very explicit. We have no insurance on those people.

The CHAIRMAN. Mr. Goldstein?

Mr. ORECCHIO. No, sir.

The CHAIRMAN. We are just looking for the person whose responsibility it was to do something about these places operating openly and notoriously, with 200 or 300 people in them.

Mr. ORECCHIO. May I say this——

The CHAIRMAN. I am just trying to find out whether it is your responsibility, whether it is the prosecutor's responsibility, or whose it is. Everybody seems to have known they were operating. They had buildings. Some of them had big restaurants.

Senator TOBEY. Everybody but the county chief of detectives' office. They did not seem to realize it.

The CHAIRMAN. Whose responsibility was it? That is the question.

Mr. ORECCHIO. You ask me whose responsibility it was?

The CHAIRMAN. Yes.

MR. ORECCHIO. I outlined before what the organization table is for the county of Bergen, Senator. I did that for the purpose of giving you a picture of what the police set-up is in the county.

THE CHAIRMAN. All right. Senator Tobey?

SENATOR TOBEY. Yes.

Is it your conception of your job that you are not only to follow suggestions put in your hand by Mr. Winnie or somebody else, but that you, hating unrighteousness and breaking the laws and all, have an obligation as well as duty and privilege to go out and initiate action against these crooks? Is that your conception of your job, to initiate action?

MR. ORECCHIO. Is it my conception of the job to initiate action?

SENATOR TOBEY. Yes.

MR. ORECCHIO. It is my job, sir, and my duty, to initiate action wherever we have knowledge that something is going on which is of an illegal nature; and, Senator, we do, and I do.

SENATOR TOBEY. All right. This Stark trial was going on here, and it was common knowledge in the streets of New York and in professional circles in New York and New Jersey, that Lodi was operating illegally a gambling house. It did not impress you so much that you went out and raided the place and used a fine-tooth comb and put some of these fellows on trial, did it, outside of Guarini? It did not impress you?

MR. ORECCHIO. Senator, the place was already closed, sir.

SENATOR TOBEY. When it was running full blast before it was closed, it was known as a gambling place.

MR. ORECCHIO. It was known as a gambling place?

SENATOR TOBEY. Yes. We have plenty of testimony here from people who knew about it.

MR. ORECCHIO. You ask me that question, and then I can say how come the local police didn't see it?

SENATOR TOBEY. I did not ask you about that. It is your responsibility.

MR. ORECCHIO. It isn't my responsibility.

SENATOR TOBEY. It is not your responsibility?

MR. ORECCHIO. It isn't entirely. I outlined the table of organization.

SENATOR TOBEY. Yes.

MR. ORECCHIO. It is not my responsibility. I assist the local police. I do not police the county. I cannot police 70 towns with 8 men.

SENATOR TOBEY. When you hear of a place flagrantly operating, haven't you got the intestinal fortitude and——

MR. ORECCHIO. I have got more intestinal fortitude, Senator——

SENATOR TOBEY. Wait until I get through.

MR. ORECCHIO. Just a minute.

SENATOR TOBEY. To bring into gear the forces that can do it?

MR. ORECCHIO. Senator, please. I didn't come here to be insulted.

SENATOR TOBEY. I have not insulted you.

MR. ORECCHIO. You don't know my background. You don't know who I am. You talk about intestinal fortitude. I have plenty of it.

SENATOR TOBEY. All right.

MR. ORECCHIO. I do my job, and I do it honestly.

SENATOR TOBEY. When you heard of conditions like this——

Mr. ORECCHIO. I went right out after them immediately, and there was nothing there. We made a thorough investigation of Lodi. We even had the police there. We grilled the police, the chief, the people of the town.

Senator TOBEY. This committee came here entirely out of the woods from Washington, and in a few short days of preparation we have uncovered a situation in Lodi that is horrible.

Mr. ORECCHIO. You have uncovered a situation, sir, where a man went to jail.

Senator TOBEY. Yes, I know. He is only one of many.

Mr. ORECCHIO. I don't know about the others. I don't agree with you that conditions are as flagrant as that in Bergen County.

Senator TOBEY. We know others who are playing the game there.

Another question. How long a time did it take you and from what source did you accumulate \$10,000 in cash in your safe-deposit vault?

Mr. ORECCHIO. How long a time? I have been working, Senator, since I was 16.

Senator TOBEY. I am speaking of the \$10,000 that is there. How long has that been in the process of accumulation?

Mr. ORECCHIO. I have been working since I was 16 years old. That money is hard earned by the sweat of my brow.

Senator TOBEY. Some of it began to be accumulated when you were 16 years of age?

Mr. ORECCHIO. I said I have been working since I was 16 years of age. I didn't know life in any mansion. We live frugally at home, my wife and I, and I have saved money. You look in my income-tax return and you will find that by the end of this year I will have reported over \$70,000 in 7 years, and it is all there open for everybody to see.

Senator TOBEY. When did you first rent this safe deposit box?

Mr. ORECCHIO. Three or four years ago.

Senator TOBEY. In what bank is it?

Mr. ORECCHIO. The United National Bank of Cliffside Park.

Senator TOBEY. Cliffside, Fla.?

Mr. ORECCHIO. Cliffside Park, sir.

Senator TOBEY. I beg you pardon.

Mr. ORECCHIO. That money is mine, gentlemen, hard-earned money. Let's get that straight on the record.

Mr. HALLEY. Chief—were you finished, Senator Tobey?

Senator TOBEY. You may think this is impertinent, also. You have a right to think what you want about it. What special qualification did you have to be put in as chief of the county detectives? Because you have been inspector of ballots some years before that? Is that all?

Mr. ORECCHIO. I am afraid, sir, you will have to ask Mr. Winne that, who appointed me.

Senator TOBEY. You did not feel any sense of modesty or humility, or perhaps that the values were being overstressed in putting you in that important position?

Mr. ORECCHIO. You don't want me to outline my qualifications; do you, Senator?

Senator TOBEY. I asked you a question. Were you not surprised when they asked you to take this particular job?

Mr. ORECCHIO. No, Senator. For 15 years I have been studying criminology. I have studied medicine. I have studied anthropology, physics, history, everything connected with criminology. As a matter of fact, right now there are only four or five people in the whole world who are studying electroencephalography, its relationship to crime and brain lesion. Mr. Winne thought that I was qualified, and he gave me the job.

Senator TOBEY. That is all I have.

The CHAIRMAN. Anything else?

Mr. KOSTELANETZ. With regard to these checks, Chief, do they relate only to your real-estate business?

Mr. ORECCHIO. That is everything. That is everything, my personal account, everything is in the one account; everything.

Mr. KOSTELANETZ. That is all.

Mr. ORECCHIO. I own the works. That is everything. That is my personal account, my real estate, my salaries.

Mr. KOSTELANETZ. Did you go to Europe recently?

Mr. ORECCHIO. I went to Europe last year to make a study of police methods and compare them with that of the United States.

Mr. KOSTELANETZ. Who paid for that trip?

Mr. ORECCHIO. I paid for that trip.

Mr. KOSTELANETZ. That is reflected in your accounts?

Mr. ORECCHIO. That is reflected in the accounts.

Mr. KOSTELANETZ. Did anyone accompany you on the trip?

Mr. ORECCHIO. Yes. Two lawyers accompanied me on the trip. Mr. Gross and Mr. McDonald.

Mr. KOSTELANETZ. Would you give us their full names?

Mr. ORECCHIO. Mr. Albert Gross, of Hackensack; and Edward McDonald, also of Hackensack. Mr. McDonald is the clerk of the grand jury.

May I go back, Senator Tobey?

Senator TOBEY. Yes, sir.

Mr. ORECCHIO. I just want to go back a moment, because I do want to get you straightened out, sir. I am extremely touchy on this subject of my finances, because I have worked pretty hard for it. You said how did I accumulate \$10,000? I told you at the time that I was in the plumbing and heating business along with the insurance.

Senator TOBEY. I always thought the plumbers were malefactors of great wealth, but go ahead.

Mr. ORECCHIO. You need them, sir.

We had accumulated quite a little stock, as you will in business. As a matter of fact, a couple of people went bankrupt on me. Instead of completing the jobs, we didn't complete the job. In other words, we completed what they call the rough and didn't complete the finish. I had this all in the warehouse, as everybody in my town and county can testify. They knew that. When my brother went his way, I sold that out, sir, to people who came along and bought it, and I got \$7,000 for that. That was over a period of 3 or 4 years. That is part of that money.

I received from Mr. Osmer \$12,000, which was salary I had coming to me for 4 years at \$3,000 a year.

The CHAIRMAN. What did you do for him?

Mr. ORECCHIO. I was district secretary.

The CHAIRMAN. Keeping his political fences in shape?

Mr. ORECCHIO. Yes, sir. Yes, sir.

The CHAIRMAN. Do you think the Government ought to pay somebody to keep political fences in shape?

Mr. ORECCHIO. The Government didn't pay me.

The CHAIRMAN. Mr. Osmer paid you?

Mr. ORECCHIO. This came out of Mr. Osmer's pocket, and not the Government.

The CHAIRMAN. He did not put you on the congressional payroll?

Mr. ORECCHIO. No, sir. No, sir.

Senator TOBEY. His name was not Thomas, was it?

Mr. ORECCHIO. He is from my county, too.

The CHAIRMAN. You did not get your check from the United States?

Mr. ORECCHIO. He had a secretary in Washington. He had two girls in Washington. They were on the payroll, and they collected the \$5,600, or whatever it was that was allowed at that time. I had an agreement with Mr. Osmer that I would wait until such time as he was financially able to pay me out of his own pocket, which he did. As a matter of fact, the way he paid me that, he sold a farm up at Chatham, N. Y., and he paid me that. You will notice it in my records, Counselor. I get \$1,400 a year, that is a second mortgage that I have on that farm up there. I took that as part of the payment.

The CHAIRMAN. Let us move on. Any other questions?

Mr. KOSTELANETZ. Do you have any objection to one of our investigators going with you to your box tomorrow morning and make an inventory of your box?

Mr. ORECCHIO. As a matter of fact, I would welcome it.

Mr. KOSTELANETZ. When were you in the box last, sir?

Mr. ORECCHIO. I don't know. About a year or a year and a half ago.

Mr. KOSTELANETZ. I see.

The CHAIRMAN. What time would be convenient, 9 o'clock?

Mr. KOSTELANETZ. Nine o'clock is when the bank opens? Can one of your boys make it?

Mr. ORECCHIO. Any time at all. I would welcome it.

The CHAIRMAN. Nine o'clock. That is a date.

Mr. HALLEY. Chief, there has been some statement made by the witnesses that you attended a wedding of Willi Moretti's daughter. Is there any truth in that?

Mr. ORECCHIO. Of course, that is a vicious lie, Mr. Counselor.

Mr. HALLEY. You were not present at that wedding?

Mr. ORECCHIO. I was not. You know, these investigations create a Roman holiday for people who really want to take a whack at you. You know that. They really love it. When the facts come out, I am sure you will find in the Bergen County prosecutors' office we have done a good job.

Mr. HALLEY. It is almost impossible to understand how you just let Guarini take the fall or the rap for the entire crowd and did nothing further.

Mr. ORECCHIO. As I say, that isn't true, and I am sorry that I have had to answer the way I did, because if the records were here and the assistant prosecutor were here, he could answer, too, on his part of it.

The CHAIRMAN. That is all.

Mr. ORECCHIO. I don't want to leave the impression—may I, please—

Mr. ELICH. Mr. Myers will be with you tomorrow and examine those records tomorrow, and give a full report on it. That will settle the issue rather quickly.

Mr. ORECCHIO. Which records?

Mr. ELICH. About the Guarini indictment, and what investigation was made.

Mr. ORECCHIO. They are in the office, sure. Fine.

Senator TOBEY. Why did you not take some action about Erickson's operation at Cliffside, N. J.?

Mr. ORECCHIO. I didn't know about it, sir.

Senator TOBEY. You saw it in all the papers, sir. I examined Erickson in Washington. You saw the statement come out about Erickson's testimony, did you not?

Mr. ORECCHIO. Yes, sir.

Senator TOBEY. It came out about Cliffside in that testimony.

Mr. ORECCHIO. Yes, sir.

Senator TOBEY. You read that, did you not?

Mr. ORECCHIO. Yes, sir.

Senator TOBEY. Did you take any action?

Mr. ORECCHIO. I certainly did.

Senator TOBEY. What did you do?

Mr. ORECCHIO. We went right to the place listed there, and there was nothing there.

Senator TOBEY. Mr. Hogan took some action, and put him in jail, did he not?

Mr. ORECCHIO. He did it on what happened in New York, not New Jersey.

Senator TOBEY. He took some action.

Mr. ORECCHIO. I can't be responsible. I can't help what Mr. Hogan does over here with his people here. If we find anything wrong in New Jersey, we will put them in jail, too.

Senator TOBEY. Wasn't Erickson's wire room not very far from your home in New Jersey?

Mr. ORECCHIO. Let's put it that the place mentioned in the newspapers is about a mile and a half away from my home.

Senator TOBEY. 452 Palisades Avenue.

Mr. ORECCHIO. That is about a mile and a half, in another town.

Senator TOBEY. Did you go down there?

Mr. ORECCHIO. Certainly I did, Senator.

Senator TOBEY. What did you find?

Mr. ORECCHIO. Nothing.

Senator TOBEY. Wires all pulled out?

Mr. ORECCHIO. There weren't any wires there. As a matter of fact, it was a party line, just a party line.

Senator TOBEY. I see.

Mr. ORECCHIO. That is all. As I say, I don't know where some of these stories are coming from, but they are really fantastic. Let's get to the facts, and you will find it is a little bit different, believe me; and I am not saying there isn't anything wrong in Bergen County with reference to gambling. You will find that all over, sir.

The CHAIRMAN. All right, sir.

Mr. ORECCHIO. May I have my papers?

Mr. HALLEY. We would like to keep them long enough to have an accountant go through them.

Mr. ORECCHIO. Why can't he do it in my office tomorrow? I will be glad to give him my secretary, my son, somebody. I would like to take them with me.

The CHAIRMAN. We will endeavor to bring the records back to you tomorrow. At least, such parts as we do not, we will give you an inventory of.

Mr. ORECCHIO. I don't know what I have here.

Senator TOBEY. We do not know yet, either.

Mr. HALLEY. Perhaps you should take them into the next room, and Mr. Frankel will make an inventory with you.

(Witness excused.)

The CHAIRMAN. Mr. Borelli, do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BORELLI. I do.

TESTIMONY OF FRANK NICHOLAS BORELLI, CLIFFSIDE PARK, N. J.

Mr. HALLEY. What is your full name?

Mr. BORELLI. Frank Nicholas Borelli, Cliffside, N. J., Cliffside Park.

Mr. HALLEY. What is your occupation?

Mr. BORELLI. I am the chief of police of that town.

Mr. HALLEY. How long have you had that job?

Mr. BORELLI. I have been chief about 30 years.

Mr. HALLEY. You have been chief for about 30 years?

Mr. BORELLI. About 30.

Mr. HALLEY. Have you had any other occupation in the last 30 years?

Mr. BORELLI. In what respect?

Mr. HALLEY. Do you have any other work that you do besides being chief of police?

Mr. BORELLI. No. I am chief of police.

Mr. HALLEY. You do no other work?

Mr. BORELLI. Do you mean do I have other income?

Mr. HALLEY. Do you have any other job?

Mr. BORELLI. No.

Mr. HALLEY. Or business?

Mr. BORELLI. Business; yes.

Mr. HALLEY. Businesses; yes.

Mr. BORELLI. I have businesses in other business.

Mr. HALLEY. You have brought your financial records called for by the subpoena?

Mr. BORELLI. Yes.

Mr. HALLEY. Will you produce them now and state what you have brought?

Mr. BORELLI. Yes.

I brought the 1946, 1947, 1948, 1949, and 1950 canceled checks; I brought my bank statements; I brought my bank stubs; and I brought my bank books and bank stubs. In two particular banks there was a check drawn to the Internal Revenue where I had no checking account,

and they sent a cashier's check. So I wouldn't have anything except this to prove that, in other words.

Mr. HALLEY. Do you have any income-tax returns with you?

Mr. BORELLI. I have them all here, sir.

I might state the bookkeeper of the place that I am concerned with has my 1947, 1948, and 1949—he wouldn't have the 1950—up to date of all transactions in Palisade Amusement Park. He would have to come in and give you the detail. I can get them or get the records, but I couldn't explain it very thoroughly.

Mr. HALLEY. But you have the returns?

Mr. BORELLI. Everything.

Mr. HALLEY. Right here with you?

Mr. BORELLI. They are outside. The income-tax returns?

Mr. HALLEY. Yes.

Mr. BORELLI. I have them.

Mr. HALLEY. We would like them here.

Mr. BORELLI. Yes, sure. Ask for Mr. Russell, George Russell.

What happened with the 1946 return, I was examined and investigated in 1947. There is something wrong about the way the 1946 return is, but I do have the Internal Revenue's report on it, which will be self-explanatory.

Mr. HALLEY. While we are waiting for the records, what other income do you have? First, what is your salary as chief of police?

Mr. BORELLI. What is my salary? About \$4,500 a year. It might be \$4,550, I am not too sure.

Mr. HALLEY. How long has it been at that rate?

Mr. BORELLI. Not too long. Probably 3 years.

Mr. HALLEY. What was it prior to that?

Mr. BORELLI. Probably \$4,200. I think there was a \$250 raise, so it might have been \$250 less.

Mr. HALLEY. What other income have you had in the last 5 years?

Mr. BORELLI. Five years? I got an income from what you call the Creamer & Dyer, and Palisade Amusement Park. I also have an income from a golf course which belongs to me. I also have an income from the B. & B. Amusement, that is, my wife has. It still goes into my records. It will show in my records, B. & B. Amusement.

Mr. HALLEY. What is B. & B. Amusement?

Mr. BORELLI. It was Borelli and Bennett. The two women got together and built up until the fire. After the fire of 1944, they built up bigger stands. They are not operating now. We rent them out; since 1947, 1948, 1949, and 1950, we rented them out.

Mr. HALLEY. Are you talking about stands at Palisades Park?

Mr. BORELLI. Talking about what?

Mr. HALLEY. Amusement stands at the amusement park.

Mr. BORELLI. That is correct. That is in the B. & B. The others are stands, too, but they are refreshment stands. For instance, beer, lemonade, soda, frankfurters, popcorn, candy, and the like of that.

Mr. HALLEY. What is the B. & B.? What kind of stands are they?

Mr. BORELLI. They are what you call ham stands. They were hot dog stands. Now they are changed into ham stands.

Mr. HALLEY. What is sold at a ham stand?

Mr. BORELLI. Bacon. I wouldn't know too much about it. I know they have eggs, bacon, chicken.

Mr. HALLEY. Chief, as a result of covering Palisades Park rather thoroughly with my children, I thought I knew all about it. But what is the Creamer & Dyer?

Mr. BORELLI. Creamer & Dyer, I just explained, is the refreshment stands in the park. That is Creamer & Dyer.

Mr. HALLEY. That is just the name of the company?

Mr. BORELLI. That is the name of the concern that own it. You see, these are all concessionaries, practically, in the park. Creamer & Dyer have the concession of the frankfurters, the lemonade, soda, candy, popcorn, and so forth.

Mr. HALLEY. What interest have you in Creamer & Dyer?

Mr. BORELLI. I have a 37½-percent interest.

Mr. HALLEY. How long have you had that, Chief?

Mr. BORELLI. Probably 18 years.

Mr. HALLEY. How did you first acquire it?

Mr. BORELLI. I paid for it. I bought it.

Mr. HALLEY. What did it cost you?

Mr. BORELLI. Oh, at that time the park was very bad. In fact, we hadn't seen any money there for a period of 3 or 4 years. In fact, nobody was able to pay rent. We just existed and went along. Then when other people came in there and were going to make it better, which didn't develop better, finally they did bring in somebody that did really go on and make a success of it. We were fortunate in that.

Mr. HALLEY. You were fortunate enough to have been in it?

Mr. BORELLI. To hold it until the time. A lot of people walked out. We held on because we had the buildings there. We held on, and these new people came in and they made a success of it.

Mr. HALLEY. How long has the B. & B. Amusement Co. been in Palisades Park?

Mr. BORELLI. I would say about 12 years. Don't hold me to just the years. It might be 13 or 14. It might be 11. It might be 10.

Mr. HALLEY. What are your total assets today, Chief? Do you own a home?

Mr. BORELLI. Yes; I own a home.

Mr. HALLEY. In Palisades?

Mr. BORELLI. No, no. Cliffside.

Mr. HALLEY. Cliffside Park?

Mr. BORELLI. Yes.

Mr. HALLEY. Do you own any other real estate, you or your wife?

Mr. BORELLI. I do. I own some bungalows, two bungalows, three bungalows down in South Jersey, small affairs, that I have had for 4 or 5 years.

Mr. HALLEY. Do you own any other real estate?

Mr. BORELLI. I did. I got rid of all of it in 1946.

Mr. HALLEY. Do you own any stock or bonds?

Mr. BORELLI. No.

Mr. HALLEY. Does your wife?

Mr. BORELLI. Outside of war bonds, no stock and bonds.

Mr. HALLEY. Does your wife own any stock or bonds?

Mr. BORELLI. Anything she owns, I own. It is practically in both names. It makes no material difference. We never have any discussion about that. If it is in my name or her name, it makes no difference.

Mr. HALLEY. Then you have the businesses at the Palisades Amusement Park?

Mr. BORELLI. Yes.

Mr. HALLEY. Creamer & Dyer, and B. & B.?

Mr. BORELLI. That is, I have 37½ percent of that. The golf course belongs to me.

Mr. HALLEY. Is that the immense midget golf course in the park?

Mr. BORELLI. Yes; it is a small one.

Mr. HALLEY. When did you acquire that?

Mr. BORELLI. It must be 15 or 16 years ago. Don't hold me to definite times.

Mr. HALLEY. What would you say is your net worth in cash in the bank?

Mr. BORELLI. Today? I can tell you in 5 minutes.

Mr. HALLEY. Do your bank books reflect it all clearly?

Mr. BORELLI. Oh, yes.

Mr. HALLEY. Let's just have the approximate amount.

Mr. BORELLI. Approximately \$50,000, \$60,000, \$70,000. It could be \$80,000 or so.

Senator TOBEY. I wish I was in position not to know whether it was \$80,000 or \$90,000.

Mr. BORELLI. If you were chief of police—[laughter]. No insult, Senator.

Senator TOBEY. I think that is a very illuminating answer. You cannot tell how much it might be. It varies with the day.

The CHAIRMAN. Let us get the amount of cash he has.

Mr. BORELLI. You want the amounts? No, take them down as I read it.

The CHAIRMAN. Give us the total.

Mr. BORELLI. I have six or seven books.

The CHAIRMAN. What is your estimate of the amount of cash you have in the bank?

Mr. BORELLI. I think it is around \$50,000 or \$60,000. I am not sure. I didn't take time to total it.

Mr. HALLEY. Do you have a safe-deposit box?

Mr. BORELLI. Yes.

Mr. HALLEY. Do you have any cash in that box?

Mr. BORELLI. No. All I have in there is war bonds.

Mr. HALLEY. Do you have any cash in any other place?

Mr. BORELLI. No, sir.

Mr. HALLEY. How much do you have in war bonds, approximately? Your best estimate.

Mr. BORELLI. Make it around \$15,000, probably \$17,000.

Senator TOBEY. Do you have any annuities?

Mr. BORELLI. No; \$500 insurance.

The CHAIRMAN. \$500,000 insurance?

Mr. BORELLI. \$500, Senator.

Mr. HALLEY. What was your income during 1949?

Mr. BORELLI. 1949? Didn't that man bring it in? Probably \$25,000. I couldn't tell you without looking at this. If you would let my bookkeeper give you this—

Mr. HALLEY. Let us see the returns for the last 5 years.

Mr. BORELLI. Here they are.

Mr. HALLEY. Your income, then, is approximately \$4,500 as chief of police, and the remainder of it from these concessions at the Palisades Park?

Mr. BORELLI. Around \$18,000, something like that.

Mr. HALLEY. Have you any other income or have you had any other income?

Mr. BORELLI. Oh, yes, on rentals.

Mr. HALLEY. Rentals of the bungalows?

Mr. BORELLI. Yes; I have rentals from the bungalows.

Mr. HALLEY. Any other rental?

Mr. BORELLI. No. The buildings I did have, I sold in the year 1946.

Mr. HALLEY. The committee has been looking into the operations of certain gambling places. Some of them seem to have operated in Cliffside Park. We were wondering what you knew about them, Chief.

Mr. BORELLI. You see, it is an unfortunate situation I live in there. It happens that Cliffside Park, all these telephone numbers that are Cliffside, cover five different boroughs, and unless you give the specific phone numbers or addresses, I can't tell you which town they are in. In other words, to clear this up a little better for you, there is Fairview, there is Edgewater, there is Cliffside, there is part of Ridgefield, all under a Cliffside number.

Mr. HALLEY. We are talking about Cliffside now.

Mr. BORELLI. I can't say there is any gambling in Cliffside, sir.

Mr. HALLEY. Has there been any in the last 5 years?

Mr. BORELLI. Not to my knowledge; no. I don't say there hasn't been. There is a possibility. It is just like a bookmaker. I could go in any city or town, municipality, and go along, and there is a bookmaker with a phone in an office, and not be detected unless somebody made a report.

Mr. HALLEY. Did you ever hear of a garage in Cliffside Park in which there was a gambling house operated?

Mr. BORELLI. Not in Cliffside Park. If you give me the address. It might be a Cliffside phone.

Mr. HALLEY. You never arrested anybody for a crap game in Cliffside?

Mr. BORELLI. Oh, no; not in Cliffside.

Mr. HALLEY. Did you ever meet Joe Adonis?

Mr. BORELLI. Yes; I know him.

Mr. HALLEY. How long have you known Joe Adonis?

Mr. BORELLI. Well, now, I can go back quite a few years on that. The first time I met him, I guess, was probably 7 or 8 years ago.

Mr. HALLEY. How long have you known Jerry Catena?

Mr. BORELLI. I don't know Jerry Catena. I know of him. I don't know him.

Mr. HALLEY. Have you been in Joe Adonis' home?

Mr. BORELLI. No.

Mr. HALLEY. Has he been in yours?

Mr. BORELLI. No.

Mr. HALLEY. Did you ever go out together?

Mr. BORELLI. No.

Mr. HALLEY. Where did you see him?

Mr. BORELLI. In the restaurant. I used to see him a lot.

Mr. HALLEY. What restaurant?

Mr. BORELLI. Duke's Restaurant.

Mr. HALLEY. Do you go to Duke's often?

Mr. BORELLI. Not so much the last 3 years, due to the fact I can't stand the food. The food is very good, but it is not good for me.

Mr. HALLEY. You used to eat at Duke's a lot, up to 3 years ago?

Mr. BORELLI. Oh, yes.

Mr. HALLEY. Who all would go to Duke's frequently? I understand Joe Adonis and Frank Costello.

Mr. BORELLI. Who?

Mr. HALLEY. Frank Costello.

Mr. BORELLI. No; I never saw him.

Mr. HALLEY. He wouldn't go there?

Mr. BORELLI. I wouldn't know. He might be there sometime that I wouldn't be.

Mr. HALLEY. Willie Moretti?

Mr. BORELLI. Yes.

Mr. HALLEY. Would he be there a lot?

Mr. BORELLI. I would see him there often.

Mr. HALLEY. Salvatore Moretti?

Mr. BORELLI. Yes.

Mr. HALLEY. Do you know Longie Zwillman?

Mr. BORELLI. No; I don't. Only what I read of him.

Mr. HALLEY. You never met him?

Mr. BORELLI. No.

Mr. HALLEY. Do you know Jerry Catena?

Mr. BORELLI. No. I may have seen him, but to say I am personally acquainted with the man, I can't say I am.

Mr. HALLEY. Do you know Jimmie Lynch?

Mr. BORELLI. Yes.

Mr. HALLEY. Does he hang out at Duke's?

Mr. BORELLI. He used to.

Mr. HALLEY. How long have you known Lynch?

Mr. BORELLI. That would go over a period of 5 or 6 years, too.

Mr. HALLEY. We won't ask any more questions now, because we have to go. Mr. Kostelanetz or somebody he may send out to see you may have some more questions, and may ask you to come to New York. Will that be all right?

Mr. BORELLI. I will be glad to answer them.

The CHAIRMAN. If you will wait around awhile, we can go over these records and get them back to you later on.

Mr. BORELLI. Today, Senator?

The CHAIRMAN. I do not think we can today.

Mr. BORELLI. Don't leave me on the spot. I would like to get the check book, at least one of the books that I can draw from.

The CHAIRMAN. Suppose you wait outside a few minutes, and we will try to release your check book.

(Thereupon, at 3:25 p. m., the hearing was adjourned, subject to call.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, DECEMBER 12, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Washington, D. C.

The committee met, pursuant to call of the Chairman, at 10:10 a. m., in room 457 Senate Office Building, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and Wiley.

Also present: Representative Louis B. Heller.

Rudolph Halley, chief counsel.

The CHAIRMAN. The committee will come to order.

This is a continuation of the hearing which the committee had in New York about 2 months ago involving principally gambling transactions in Bergen County, N. J., part of which lapped over and involved New York, the City of New York, New York State; and also the New York hearings involved Saratoga Springs.

At the hearing we had about 2 months ago in New York, we heard certain accountants for the principals involved, certain employees; a great many records were introduced. We had before us some of the customers and people who had frequented and participated in these gambling house transactions.

We also had before us certain law enforcement officials in the counties where the transactions took place.

At that time it was not possible to have certain of the principals in these matters appear and testify because they could not be reached at that time by subpoena.

However, today we do have several of them as witnesses, and this is a continuation of that hearing.

Now, there will probably be other hearings in connection with those transactions and, of course, this is not the entire hearing involving the New York-New Jersey area; it is only one part of it.

Later on, before the committee makes its report, other hearings in connection with New York-New Jersey activities in that part of that country will be prepared.

We want to cooperate as much as possible with the press photographers and anyone else who wants to take pictures. On the other hand, during the time the witnesses are testifying, we do not want the continuity of their thought or their testimony interrupted by too many pictures. I think we had better start out and see how we get along, because we may have to change our rules as we go, but I believe that to

start with, if the photographers will take pictures if it is all right with the witness, in the beginning and at the end of his testimony, that will be satisfactory; but during the time of his testimony, let us not interrupt his testimony with flash-bulb pictures.

Let the record show that the distinguished Senators from New Hampshire, Mr. Tobey, and from Wisconsin, Mr. Wiley, are present, and that this hearing is being held subject to and pursuant to the resolution previously adopted by the committee, and that if it is impossible for three Senators to be here, the chairman of the committee will designate one member of the committee to swear witnesses and to take sworn testimony.

Mr. Halley, have you got anything?

MR. HALLEY. No, not by way of general introduction. I would like to say that one witness is reported to be sick.

The CHAIRMAN. Mr. Gerald Catena is reported to be ill and unable to be here today. His attorney, Mr. Calandra, is present.

MR. CALANDRA. Yes, sir.

The CHAIRMAN. Mr. Calandra, will you come around and give us information about your client?

MR. CALANDRA. Yes. Mr. Chairman and honorable Senators, I am very sorry to report that Mr. Catena is unable to be here. About 6 o'clock this morning I received a telephone call informing me that around 1 o'clock this morning he was attended by his physician, Dr. Bartelo Lombardo, of Newark, N. J., and he informs me—I called the doctor by telephone—and he informs me that he finds this situation.

The CHAIRMAN. Mr. Calandra, you are a counselor at law at 31 Clinton Street, Newark, N. J.?

MR. CALANDRA. Yes, sir. My name is Anthony A. Calandra.

The CHAIRMAN. Have you regularly represented Mr. Catena?

MR. CALANDRA. No, I am appearing for Mr. Catena for the first time in connection with these proceedings.

The CHAIRMAN. What information do you have on this—if you do not object, all of our witnesses are sworn, Mr. Calandra.

MR. CALANDRA. What is that?

The CHAIRMAN. I say all of our witnesses are sworn. Do you solemnly swear that the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

MR. CALANDRA. I have no objection to being sworn.

Yes, sir; I do.

TESTIMONY OF ANTHONY A. CALANDRA, ATTORNEY, NEWARK, N. J., REPRESENTING GERALD CATENA

The CHAIRMAN. As I remember, you were present with Mrs. Catena when she appeared in New York?

MR. CALANDRA. Yes; I was.

The CHAIRMAN. Keep your seat; it is all right.

And Mrs. Catena, we had her in before the committee, to try to ascertain the whereabouts of your client, Mr. Catena, you recall, and you appeared with her at that time?

MR. CALANDRA. Yes, sir; I did.

The CHAIRMAN. All right, sir.

What information do you have on his physical condition?

MR. CALANDRA. Dr. Lombardo informed me by telephone this morning that he examined Mr. Catena at his home, and as a result of a complaint by Mr. Catena, that he had a sharp pain under the breast, and he classifies the condition as acute coronary insufficiency due to vaso-spasm. He intends to have a cardiograph or cardiogram taken of Mr. Catena at the earliest moment, and the doctor further informed me that Mr. Catena would be confined to his bed for at least several days.

Dr. Lombardo has his offices at 111 Wilson Avenue in Newark, N. J.

THE CHAIRMAN. Do you have something in Dr. Lombardo's handwriting, some report from him?

MR. CALANDRA. No; I do not, sir, because we had made arrangements to come to Washington this morning on the 8:20 plane, the 611 flight. When I received this information by telephone I, of course, called the doctor, and he gave me the information which I have related to you gentlemen, and I have no time or I had no time or opportunity, of course, to get a certificate or an affidavit from him, because I did want to be here in behalf of Mr. Catena on time, and for me to have gone down to his offices and prepared such a statement as he would make, of course, would prevent my being here by this hour.

THE CHAIRMAN. Well, of course, the committee has had a great deal of difficulty in trying to locate Mr. Catena and in serving a subpoena on him.

We want to be generous in matters of this sort, but I think that we will have to ask that you contact Dr. Lombardo and have him wire the counselor or the chairman of the committee over his name the full details of Mr. Catena's physical condition.

MR. CALANDRA. I shall do that. Do you want that—

THE CHAIRMAN. And ask him to have it here by noon.

MR. CALANDRA. I shall be glad to do that. I do want to state that Mr. Catena, on his return to his home, notified the investigators, I think Mr. Elich and Mr. Murray, that he was available for subpoena, and he was served with a subpoena on October 16.

MR. HALLEY. Mr. Calandra, the committee has been attempting to obtain service on Mr. Catena for many months, not only in connection with this matter but also in connection with his relationship with the Peoples Express Co., and the committee's efforts to find your client in connection with that matter go back about 4 months.

Now, I am going to ask the committee to rule that, first, we be permitted to have our own physician see your client as soon as that can be arranged, and, second, I think I should advise you that if it should hereafter appear that your client's condition is not as represented by you I will recommend to the committee that it go ahead with contempt proceedings for his failure to appear this morning.

MR. CALANDRA. I understand.

MR. HALLEY. In other words, the matter will be investigated, and his failure to appear for facts not as stated by you, I think you should know, constitute a contempt.

MR. CALANDRA. I understand that, and I feel that the doctor will cooperate with such physician that this committee will appoint to examine Mr. Catena at this time.

THE CHAIRMAN. Can you tell us that the doctor and Mr. Catena will cooperate in the matter of allowing us to have an examination?

Mr. CALANDRA. I have no doubt about that, Senator Kefauver.

The CHAIRMAN. Well, the committee will follow the program outlined by Mr. Halley, as counsel, if that is satisfactory. But you may as well inform Mr. Catena, Mr. Calandra, that we are not very well pleased with the delays that we have had in securing his testimony up to this time, and that we are not going to put up with any monkey business in connection with his not being here. If he is genuinely ill——

Mr. CALANDRA. I am firmly convinced that he had every intention to be here.

Is this telegram from the doctor to come to you, Senator, or Mr. Halley?

The CHAIRMAN. Well, let it come to the chairman of the committee.

Mr. CALANDRA. Very well, sir; thank you.

The CHAIRMAN. Mr. Salvatore Moretti, please.

Mr. SELSER. May I address myself to the committee, sir?

The CHAIRMAN. What is your name?

Mr. SELSER. John E. Selser, New Jersey attorney practicing out of Hackensack.

The CHAIRMAN. Suppose we swear Mr. Moretti.

Mr. SELSER. We have no objection to that.

The CHAIRMAN. What is that?

Mr. SELSER. It is quite all right, sir.

The CHAIRMAN. Mr. Moretti, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MORETTI. I do, sir.

TESTIMONY OF SALVATORE MORETTI, DEMAREST, N. J., ACCOMPANIED BY JOHN E. SELSER, ATTORNEY, HACKENSACK, N. J.

The CHAIRMAN. Now, gentlemen, sit down. All right, Mr. Selser, where do you practice law?

Mr. SELSER. I am practicing out of Hackensack. I am an attorney in the State of New Jersey, sir.

The CHAIRMAN. What is your address?

Mr. SELSER. 210 Main Street, Hackensack.

The CHAIRMAN. Go ahead.

Mr. SELSER. I represent Mr. Moretti in two proceedings presently pending, one in the State of New Jersey, and one in the State of New York.

Presently, Mr. Moretti is under complaint in New Jersey awaiting action of the grand jury in that State in that county. His bail presently is \$15,000, and we applied to the court in New Jersey for leave to depart the jurisdiction of the court, modifying the bail accordingly, so that we might appear before this committee today.

I take it that there are certain inquiries to be made by this committee, answers to which may tend to incriminate this defendant, and he, on my advice, will exercise the privileges which are granted him under the fifth amendment to the Constitution, and refuse to answer such questions.

I anticipate, too, that there may be some interrogation with regard to income-tax returns made. These returns, as I am informed, have been made available to this committee by some act of the President.

With regard to these things or matters which were set up in such returns, I shall advise Mr. Moretti not to answer on the ground not only of self-incrimination but, perhaps, on the ground, too, that it is not the function of this committee to inquire into matters relating to income-tax returns or liabilities.

This committee, having been set up by resolution to inquire into crime in interstate commerce and not with regard to the violation of any income-tax obligations, I shall advise my client not to answer.

Now, in the State of New York we are also under charges——

The CHAIRMAN. Mr. Selser, let me get the matter of the charges clearly before us. Mr. Moretti is under complaint pending grand jury action——

Mr. SELSER. That is correct.

The CHAIRMAN (continuing). In matters growing out of the alleged participation in certain gambling activities in Bergen County, is that correct?

Mr. SELSER. The charge is a conspiracy to violate the antigambling laws of the State of New Jersey.

The CHAIRMAN. Do you have a copy of the complaint, sir?

Mr. SELSER. I do not have it here, sir.

The CHAIRMAN. Does it refer to the Bergen County matter about which this committee has made inquiry?

Mr. SELSER. I beg your pardon, sir?

The CHAIRMAN. Does it refer to the activities in Bergen County about which this committee has made inquiry previously?

Mr. SELSER. I presume so; I am not familiar with the nature of the inquiries up to this time made by the committee, but I am informed by the attorney general, who is prosecuting the matter in Bergen County, that he has been supplied by this committee with testimony given by various witnesses who appeared before the committee, and it is upon the basis of the testimony supplied to him by this committee that he is able to proceed with the prosecution in New Jersey this far.

The CHAIRMAN. Is that Mr. Parsons or Mr. ——

Mr. SELSER. Stamler.

The CHAIRMAN. Stamler.

Mr. SELSER. Stamler is the attorney general especially assigned.

The CHAIRMAN. And the New York complaint is what?

Mr. SELSER. The New York complaint is a conspiracy charging in the first count that Mr. Moretti, with certain others, did conspire to violate the gambling laws of the States other than New York, without in the information designating the States so involved; and that Mr. Moretti and the others named in the information induced residents of New York and other places to attend such institutions for the purpose of gambling therein.

That matter is presently pending, a plea of not guilty having been made. Motions have been directed to the information as to its legal sufficiency, these motions presently pending before the court, and on this Mr. Moretti is presently released on \$20,000 bail.

The CHAIRMAN. Is that prosecution being carried on by Mr. Hogan's office in New York?

Mr. SELSER. Yes, sir. Mr. O'Connor is the assistant district attorney in charge.

The CHAIRMAN. Vincent A. D. C. O'Connor?

Mr. SELSER. I think that is his name, sir.

The CHAIRMAN. Now the third matter that you raise is about the income-tax investigation. Has any internal revenue or tax case been pending against Mr. Moretti?

Mr. SELSER. Not to my knowledge, although I am informed—well, may I say this: I was informed, but not by any official communication from the Department of Revenue, that the matter of the return of Mr. Moretti is presently being investigated. This information came to me through a Mr. Smith who, I am told, is the person in charge of this and certain other investigations.

The CHAIRMAN. Are there any other representations that you wish to make, Mr. Selser?

Mr. SELSER. No; I think not, sir. I think that covers my basic approach to the problem.

The CHAIRMAN. Well, Mr. Selser, we will proceed with the examination. You make such objections to questions that you wish, and the chairman, for the committee, will endeavor to rule on them as they come along.

The general ruling of the Chair will be that Mr. Moretti has no privilege or immunity from answering questions that concern an alleged violation of the State law; if, in the opinion of the committee the committee feels that the question may violate his rights under the fifth amendment with reference to some Federal matter, the committee will direct Mr. Moretti not to answer such question. But we have, as you know, been anxious to talk with Mr. Moretti about matters over which this committee has jurisdiction, so we will have to proceed, and you make such objection to the questions as you desire.

Mr. SELSER. There will be opportunity for conference with Mr. Moretti, which will be allowed if the need should develop?

The CHAIRMAN. Yes; if it does not take too long.

Mr. SELSER. Yes; if we do not make it too long. I think Mr. Moretti and I should be able to reach a quick decision.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. What is your full name?

Mr. MORETTI. Salvatore Moretti.

Mr. HALLEY. Where do you live?

Mr. MORETTI. In Demarest, N. J.

Mr. HALLEY. What is the street address?

Mr. MORETTI. Pardon.

Mr. HALLEY. What is the full address?

Mr. MORETTI. Hillside Avenue, Demarest, N. J.

Mr. HALLEY. When and where were you born?

Mr. MORETTI. I was born in New York City in 1903.

Mr. HALLEY. Were you ever convicted of a crime?

Mr. SELSER. I object to that. I do not see that the record of Mr. Moretti can possibly bear upon the subject matter of this Senate committee's investigation.

The CHAIRMAN. Objection will be overruled. Mr. Moretti will be directed to answer the question.

Mr. MORETTI. Well, I have been convicted; yes.

Mr. HALLEY. When and where and of what offense?

Mr. MORETTI. I am sorry; I don't have the records; I can't answer that question.

Mr. HALLEY. You remember having been convicted of a crime?

Mr. MORETTI. Yes; I do.

Mr. HALLEY. In what State?

Mr. MORETTI. In New York State.

Mr. HALLEY. What was the offense?

Mr. MORETTI. Well, I don't remember.

Mr. HALLEY. Can't you even remember the offense?

Mr. MORETTI. No; I am sorry; I don't. I admit that I have been convicted. You asked that question.

Mr. HALLEY. How many times did you say you had been convicted?

Mr. MORETTI. A few times of minor offenses, so minor that I can't remember what the occasion was.

Mr. HALLEY. Did you ever go to jail?

Mr. MORETTI. Yes; I went to jail.

Mr. HALLEY. For how long?

Mr. SELSER. I object to this line of questioning. I cannot see how this possibly——

The CHAIRMAN. Objection is overruled, Mr. Selser.

Mr. SELSER. I don't see how this can bear——

The CHAIRMAN. Well, Mr. Selser, it is apparent to us that you are not familiar with the resolution or with the background of what we want to ask Mr. Moretti about.

Mr. SELSER. I think I am familiar with the resolution, sir.

The CHAIRMAN. Anyway, your objection, sir, is overruled. We are glad to have you appear, and we will try to see that the rights of your client are reasonably protected. You make your objections, and the chairman will rule upon them. The question of Mr. Halley is a proper question, and Mr. Moretti is directed to answer it.

Mr. SELSER. You may.

Mr. HALLEY. Will you repeat the question, Mr. Stenographer?

(The question was read by the reporter.)

Mr. MORETTI. I believe it was a 6 months' sentence.

Mr. HALLEY. That was in 1933?

Mr. MORETTI. It might have been; I can't remember that far back.

Mr. HALLEY. For contempt of court, was it not?

Mr. MORETTI. Well, I can't say; I don't remember what the charges were. I do remember serving time, as I said.

Mr. HALLEY. That was in New York, is that right?

Mr. MORETTI. Yes.

Mr. HALLEY. Were you ever convicted of any other crime?

Mr. MORETTI. Pardon?

Mr. HALLEY. Have you ever been convicted of any other crime?

Mr. MORETTI. No; not that I remember.

Mr. HALLEY. Were you ever convicted of running a lottery?

Mr. MORETTI. No, sir; I was not.

Mr. HALLEY. Were you not convicted of participating in a numbers racket in New Jersey?

Mr. MORETTI. I was not; I beg to differ with you; I was not.

If you read—if you have the information in front of you, you will see it is entirely different, as I don't remember ever being arrested for lottery.

Mr. HALLEY. How do you remember it?

Mr. MORETTI. I don't remember being arrested for a lottery, as you point out.

Mr. HALLEY. What were you arrested for?

Mr. MORETTI. I don't remember.

Mr. HALLEY. Weren't you arrested for aiding and abetting lotteries?

Mr. MORETTI. I am sorry; I don't remember that.

Mr. HALLEY. And convicted in 1934 in New Jersey, with your brother?

Mr. MORETTI. I can't remember that, sir; I am sorry, I can't remember that.

Mr. HALLEY. Didn't you get a suspended sentence?

Mr. MORETTI. Yes; I remember getting a suspended sentence, but I don't remember what it was for. It was for no lottery, as you point out.

Mr. HALLEY. Well, you were in the numbers racket at that time, were you not?

Mr. MORETTI. I was not, sir.

Mr. HALLEY. You must have gotten arrested and convicted for something.

Mr. MORETTI. Yes; I remember.

Mr. SELSER. I object to that.

Mr. MORETTI. Yes, sir; I——

Mr. HALLEY. What was it?

Mr. SELSER. It is not a question; it is a statement by counsel.

The CHAIRMAN. He asked what he was arrested and convicted for.

Mr. SELSER. And then counsel said, "You must have been arrested for something," which certainly is not a question.

The CHAIRMAN. Well, Mr. Selser, he said he remembered getting a suspended sentence, so he is asking him what it was for.

Mr. SELSER. May we identify the place where this was done? Perhaps it was a Passaic County matter, which I think I know about.

The CHAIRMAN. Well, we are not asking you to testify at this time.

Mr. SELSER. I appreciate that, but I think there should be some certainty as to the place or time.

The CHAIRMAN. Mr. Selser, you are here as a guest of the committee. We want to give your client an opportunity of having counsel, but have your seat, and your objection will be overruled. Mr. Moretti will answer. The question is, Of what were you convicted the time when you got a suspended sentence?

Mr. MORETTI. Senator, if I don't remember, and if the gentleman has it there on record, he certainly knows the answer, where I don't.

Mr. HALLEY. Let's see if your counsel can refresh your recollection. This was in Passaic County in 1934. Perhaps your counsel can refresh your recollection.

Mr. MORETTI. Will you repeat that again, please?

Mr. HALLEY. Passaic County in 1934.

Mr. MORETTI. Passaic County in 1934? I know I have got a suspended sentence, more or less around that time, after I got through serving my time in New York, as I have admitted, but I don't remember the specific charges. I was taken out of jail in New York and I was brought in to jail into Passaic County, and in a matter of days this charge was suspended against me.

Now, whatever the charges were, I don't remember.

The CHAIRMAN. What does the record show?

Mr. HALLEY. The record shows aiding and abetting a lottery, and those are the FBI records. If you or your counsel can clarify that, I am sure the committee would be happy to hear any explanation or any clarification.

Mr. MORETTI. Well, suppose we take—suppose you answer the question yourself. It may not be proper, but I don't remember; I can't tell you when I don't remember, can I?

Mr. HALLEY. I think we will have to stand on the record.

Mr. MORETTI. I don't want you to put me in a position where you want me to——

Mr. HALLEY. You were convicted, but you can't remember what for?

Mr. MORETTI. Yes; I admit that.

Mr. HALLEY. Did you ever know anybody by the name of Golden?

Mr. MORETTI. By the name of what?

Mr. HALLEY. Golden, G-o-l-d-e-n?

Mr. MORETTI. Yes; I do.

Mr. HALLEY. There are two brothers by that name; is that right?

Mr. MORETTI. I believe there is; yes.

Mr. HALLEY. How long have you known them?

Mr. MORETTI. Oh, I have known them for a good many years, sir.

Mr. HALLEY. What business are they in?

Mr. MORETTI. What business are they in?

Mr. HALLEY. Yes.

Mr. MORETTI. I know they were in the laundry business.

Mr. HALLEY. Were they ever in the numbers racket?

Mr. MORETTI. I am sorry, I don't know.

Mr. HALLEY. Have you ever heard of them being in the numbers racket?

Mr. MORETTI. No; I never heard of that.

Mr. HALLEY. Weren't you in the numbers racket with the two Golden brothers in 1933 and 1934?

Mr. MORETTI. We are going back to the same questions, sir; you just answered that.

The CHAIRMAN. Well, the question is, were you, Mr. Moretti?

Mr. MORETTI. Definitely not, sir.

Mr. HALLEY. Did you ever hear of a man named Frank Pfahler?

Mr. MORETTI. Frank Pfahler, yes.

Mr. HALLEY. He operates a night club in Passaic.

Mr. MORETTI. I believe he does.

Mr. HALLEY. Do you know Big John Profito?

Mr. MORETTI. Who?

Mr. HALLEY. Big Jim Profito?

Mr. MORETTI. Yes; I know him.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. I have known him for years.

Mr. HALLEY. Weren't you indicted with Pfahler and Profito in 1934, and your brother?

Mr. MORETTI. I am sorry I can't answer that because I don't know, as I have answered previously, sir.

Mr. HALLEY. You were all in court on one case, don't you recall it?

Mr. MORETTI. Well, I don't recall, as I have told you previously, I had just come out of New York jail and brought into Jersey jail. I wasn't familiar with the developments or the happenings, which you have the record of, and which I readily admit whatever the record discloses, I admit to.

Mr. HALLEY. Well, the record discloses, aiding and abetting lotteries. Is that what you admit to?

Mr. MORETTI. Well, I am afraid to if that is the charges on the chart.

Mr. HALLEY. That is what you were convicted of, is that right?

Mr. MORETTI. I suppose so.

Mr. HALLEY. Is it not a fact that you were convicted at that time, together with your brother and Pfahler and Profito and Harry Cula?

Mr. MORETTI. I am not saying that it isn't or it is.

Mr. HALLEY. Were you ever in business with Pfahler?

Mr. MORETTI. No, sir.

Mr. HALLEY. Were you ever in business with Profito?

Mr. MORETTI. No, sir.

Mr. HALLEY. Were you ever in business with Harry Cula?

Mr. MORETTI. No, sir.

Mr. HALLEY. At no time?

Mr. MORETTI. At no time.

Mr. HALLEY. Were you ever in any gambling business?

Mr. SELSER. I object to that. I think the times and places should be specifically stated, and the generalization by counsel is improper, unfair.

The CHAIRMAN. Well, Mr. Selser, he would know whether he has been or not.

Mr. SELSER. I advise my client not to answer the question on the ground that it may tend to incriminate him.

The CHAIRMAN. You are directed to answer the question, Mr. Moretti.

Mr. MORETTI. I take advice of counsel and answer the same as the counselor has, the ground that it may incriminate me; I refuse to answer that question, sir.

The CHAIRMAN. Very well, sir.

Mr. HALLEY. Before the year 1935 did you ever participate in a lottery in the State of New Jersey?

Mr. MORETTI. I have never participated in any lottery in any State.

Mr. HALLEY. Have you ever participated before the year 1935 in any gambling business in the State of New Jersey?

Mr. SELSER. I direct my witness not to answer that question on the ground—

Mr. MORETTI. I cannot answer that; it is the same as before. I can't answer the question that I don't know that you are referring to. I have constitutional rights.

The CHAIRMAN. Just a minute, Mr. Moretti. Of course, the reason the question was asked before 1935 was that any statute of limitations would have run on any offense prior to that.

Mr. SELSER. May I most respectfully dispute the Senator's idea of the law?

The CHAIRMAN. Anyway, the witness will be directed to answer, and he can answer or not, as he wishes.

Mr. SELSER. May I make this statement in advance of his answer, on my advice: A conspiracy, sir, is not barred by the statute of limitations

though it be originated longer than 2 years ago, if an overt act under that conspiracy has been had within 2 years of the day of a complaint or information and, therefore, the Senator's statement of the law is, in my judgment, erroneous.

I advise my client not to answer.

The CHAIRMAN. I know of no Federal law upon which any gambling activity prior to 1935 in which the statute would have run; that is what we are concerned with.

Mr. SELSER. I most respectfully differ.

The CHAIRMAN. Anyway, the objection is overruled, and you are requested to answer.

Mr. MORETTI. I am sorry, I will not answer that on advice of counsel, just as he explained. After all, he is a lawyer, sir, and I am not, and if we have a lawyer here we have to take his advice on certain matters.

The CHAIRMAN. All right, proceed.

Mr. HALLEY. Do you know Pete Laplace?

Mr. MORETTI. Yes, I do.

Mr. HALLEY. Do you know Joe Laplace?

Mr. MORETTI. Yes; I know Joe Laplace.

Mr. HALLEY. Have they ever been in your home?

Mr. MORETTI. They have been in my home; Pete Laplace has; I don't know whether Joe Laplace has. I mean I don't know him that well to say he has or he hasn't.

Mr. HALLEY. Have the Golden brothers ever been in your home?

Mr. MORETTI. The Golden brothers, yes, they have been in my home. I have known them for years, sir.

Mr. HALLEY. Were they in your home in the month of August 1950?

Mr. MORETTI. Pardon?

Mr. HALLEY. Were they in your home together in the month of August 1950?

Mr. MORETTI. I'm sorry, I don't remember. I can't answer that truthfully because I don't remember.

Mr. HALLEY. Well, I will ask you specifically on an afternoon during the month of August 1950, was there a meeting in your home at Hasbrouck Heights, N. J., attended by yourself, your brother, Pete Laplace, Joe Laplace, the two Golden brothers, and others?

Mr. MORETTI. I am sorry, but that there positively could not have happened at any time, whether it was in August 1950, or in August 1930.

Mr. HALLEY. Would you explain why it could not have happened?

Mr. MORETTI. It could never have happened.

Mr. HALLEY. Why could it not?

Mr. MORETTI. Because something like that would be fresh in anyone's mind, even in my mind.

Mr. HALLEY. What you mean is that it did not happen; is that what you are trying to say?

Mr. MORETTI. It did not happen; that is right, sir.

Mr. HALLEY. It could have happened.

Mr. MORETTI. No, sir.

Mr. HALLEY. Well, these people are all alive.

Mr. MORETTI. People are alive, certainly, so are we. We are alive today, if that is what you mean.

Mr. HALLEY. And they could have been in your home and you are just saying that they were not; is that right?

Mr. MORETTI. That is right; that is what I am saying.

Mr. HALLEY. Do you recall reading the newspapers or hearing about this subpoena serving—that this committee was serving subpoenas on people who were conducting gambling in an aircraft plant in the State of New Jersey?

Mr. SELSER. I object to that.

Mr. MORETTI. I don't read papers.

Mr. SELSER. Just a moment.

The CHAIRMAN. That is a proper question, Mr. Selser.

Mr. SELSER. What possible bearing—

The CHAIRMAN. You may not know the connection, but it is a proper question.

Mr. SELSER. That he read in newspapers—and are newspapers supposed to be stating—

The CHAIRMAN. Mr. Selser, I have overruled your objection.

Mr. SELSER. I am sorry, sir.

Mr. MORETTI. Answering the question, I am not a reader; my eyes are bad, which you can see I am wearing glasses, and I don't read the papers.

Mr. HALLEY. Do you remember ever hearing that this committee was subpoenaing witnesses about gambling in an aircraft company in New Jersey?

Mr. MORETTI. No; I don't remember ever hearing such a thing.

Mr. HALLEY. Do you remember ever telling anybody to get out of sight and take a vacation so they would not be called upon as witnesses before this Senate committee?

Mr. MORETTI. I don't remember ever saying anything like that, never remember hearing anyone saying any such thing.

Mr. HALLEY. Do you remember hearing your brother saying any such thing?

Mr. MORETTI. I do not, sir.

Mr. HALLEY. Specifically, do you remember your brother saying it to Johnny Walsh?

Mr. MORETTI. Definitely not; I don't remember ever hearing anyone saying anything like that.

Mr. HALLEY. Do you know Johnny Walsh?

Mr. MORETTI. Yes, sir; I definitely do.

Mr. HALLEY. Has he ever been in your home?

Mr. MORETTI. Yes; he has been in my home.

Mr. HALLEY. Was he in your home in the month of August 1950?

Mr. MORETTI. I don't remember, sir.

Mr. HALLEY. Was he in your home this summer?

Mr. MORETTI. Yes; he has been in my home this summer.

Mr. HALLEY. Was he ever at your home during the afternoon?

Mr. MORETTI. I don't remember.

Mr. HALLEY. It is possible?

Mr. MORETTI. It is possible; yes.

Mr. HALLEY. That could happen?

Mr. MORETTI. Anything could have happened.

Mr. HALLEY. Do you remember whether or not at the meeting during the month of August, on an afternoon at your home, with your brother, the Laplacas, the Golden brothers, Robert Neely, and Johnny Walsh, your brother told Johnny Walsh or anyone else that he should give

\$2,500 to each and every person who might be called upon to testify before the Senate committee about gambling and to take a vacation and stay out of sight?

Mr. MORETTI. That sounds so ridiculous, sir, I have to answer that by saying it is impossible; nothing like that could ever happen.

Mr. HALLEY. Where were you during the month of October and the month of November 1950?

Mr. MORETTI. October and November 1950? I took a little trip for myself, sir.

Mr. HALLEY. Did that little trip have anything to do with your having heard that this committee was serving subpoenas?

Mr. MORETTI. I am here, ain't I?

Mr. HALLEY. You are here after the heat got so hot that you had to—

Mr. MORETTI. What heat? It's cold weather outside. It is not hot out there; it is cold weather. What heat are you referring to?

Mr. SELSER. I object.

The CHAIRMAN. Have a seat, Mr. Selser; we are trying to find out why it was not possible to find Mr. Moretti earlier, so this is a proper inquiry. Your objection will be overruled.

Mr. SELSER. Well, I certainly object to the form of the presentation by counsel.

Mr. MORETTI. I don't know of any heat.

Mr. SELSER. I do not think this is a forum for arguments between counsel and the witness.

The CHAIRMAN. Well, in an inquiry of this sort, this is not a court proceeding; we do not go on technical rules. We are trying to find out why he left the State or where he went, and what the reason for it was, so you sit down, Mr. Selser, and we will get along.

Mr. SELSER. I will advise my client not to answer the question on the ground that apparently it is an attempt to get from this man a statement out of which a prosecution against the man may be had by the committee, and I direct him not to answer the question.

The CHAIRMAN. Read the last question.

Mr. HALLEY. May I reframe the question?

The CHAIRMAN. Certainly.

Mr. HALLEY. Will you state to the committee where you were between October 1 and October 15, 1950?

Mr. MORETTI. I cannot—

Mr. HALLEY. What State?

Mr. MORETTI. I can't answer that; I can't remember where I have been. I don't keep track of where I travel.

Mr. HALLEY. Mr. Chairman, may I advise the witness that this committee has in previous cases taken the position that a statement that a witness does not remember when the statement is obviously on its face unbelievable, will be treated by the committee as perjurious.

Now, Mr. Moretti—

Mr. MORETTI. Yes.

Mr. HALLEY (continuing). Did you leave the State of New Jersey during the first 2 weeks of October 1950?

Mr. MORETTI. Pardon me.

(There was a conference between witness and counsel.)

Mr. MORETTI. I was in Jersey in October; I was home in October.

Mr. HALLEY. Do you recall investigators for this committee coming to your home and attempting to serve subpoenas?

Mr. MORETTI. No, sir; I don't recall that.

Mr. HALLEY. Do you remember investigators for this committee going to the door of your house and trying to gain entrance?

Mr. MORETTI. Not to my house; no, sir.

Mr. HALLEY. Were you in your own house?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. And it is your contention that investigators of this committee made no effort to find you at your house?

Mr. SELSER. I object to that. How can he know, sir? I object to the question.

The CHAIRMAN. Let us see whether he knows or not, Mr. Selser. You tell us what you know.

Mr. SELSER. Answer you don't know.

Mr. MORETTI. You see, I have moved from one home to another, and you may be confused or I might be confused with the dates, just as I have said before.

Mr. HALLEY. When did you move?

Mr. MORETTI. I moved in the latter part of this year.

Mr. HALLEY. Well; the latter part of which year?

Mr. MORETTI. This year, 1950.

Mr. HALLEY. How long ago? We are still in the latter part of this year.

Mr. MORETTI. Yes; that is 2 or 3 months ago.

Mr. HALLEY. You moved 2 or 3 months ago?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. From what address to what address?

Mr. MORETTI. From 269 Springfield Avenue in Hasbrouck Heights, to Demarest, N. J.?

Mr. HALLEY. Demarest, N. J.?

Mr. MORETTI. That is right.

Mr. HALLEY. What have you done with the house in Hasbrouck Heights?

Mr. MORETTI. The house in Hasbrouck Heights was sold last month.

Mr. HALLEY. To whom was it sold?

Mr. MORETTI. To Pascal.

Mr. HALLEY. What is the first name?

Mr. MORETTI. I am sorry, I don't remember the first name.

Mr. HALLEY. Did you leave a forwarding address at the post office when you moved to Demarest, N. J.?

Mr. MORETTI. We don't have a post office in Hasbrouck Heights.

Mr. HALLEY. Do you have a post office in Demarest?

Mr. MORETTI. Yes, we do.

Mr. HALLEY. Do you receive mail in Demarest?

Mr. MORETTI. Yes. Just Demarest, N. J., that is all.

Mr. HALLEY. Did you receive mail at Hasbrouck Heights?

Mr. MORETTI. Yes.

Mr. HALLEY. Well, how was it addressed to you?

Mr. MORETTI. Whatever mail was addressed to Hasbrouck Heights when I would go there, I would pick it up.

Mr. HALLEY. And you made no effort to have your mail forwarded to Demarest?

Mr. MORETTI. No; didn't make no efforts for the simple reason is the furniture and everything else was still in the home. The home was still being occupied by me.

Mr. HALLEY. During the whole month of October?

Mr. MORETTI. Only I didn't live there.

Mr. HALLEY. During the whole month of October?

Mr. MORETTI. Yes, I believe so.

Mr. HALLEY. Now, when you moved to Demarest did you buy the house in Demarest?

Mr. MORETTI. Yes.

Mr. HALLEY. When did you purchase it?

Mr. MORETTI. I purchased that last year.

Mr. HALLEY. What time last year are you referring to?

Mr. MORETTI. The early part of last year, I suppose.

Mr. HALLEY. The early part of 1949?

Mr. MORETTI. Yes.

Mr. HALLEY. Was it empty until October of this year?

Mr. MORETTI. No, it was not empty, exactly.

Mr. HALLEY. Who was living in it?

Mr. MORETTI. I was; I moved back and forth.

Mr. HALLEY. You mean you lived in both places?

Mr. MORETTI. That is right.

Mr. HALLEY. And starting in the early part of October of this year you closed up the Hasbrouck Heights house; is that right?

Mr. MORETTI. Yes, that is right.

Mr. HALLEY. Locked the doors?

Mr. MORETTI. Yes.

Mr. HALLEY. Pulled down the shades?

Mr. MORETTI. Yes.

Mr. HALLEY. And went to Demarest; is that right?

Mr. MORETTI. That is right.

Mr. HALLEY. And you stayed in Demarest throughout the first 2 weeks of October 1950?

Mr. MORETTI. I believe so, yes.

Mr. HALLEY. Did you know that this committee was trying to serve a subpoena upon you?

Mr. MORETTI. No, sir; I did not.

Mr. HALLEY. Do you know that the committee had asked your brother and your brother's wife and all of your associates where you could be found?

Mr. MORETTI. No, I don't.

Mr. HALLEY. Is it not a fact that you moved to Demarest and closed up the Hasbrouck Heights house in an effort to avoid service of this committee?

Mr. MORETTI. It is not so, sir.

Mr. HALLEY. Did you go out of the State of New Jersey during the second 2 weeks of October 1950?

Mr. MORETTI. Well, I stayed in New York for a while, if that is what you mean.

Mr. HALLEY. Where in New York?

Mr. MORETTI. Let's see—I went over and I stayed with my brother's family—that is, my brother-in-law.

Mr. HALLEY. What is his name?

Mr. MORETTI. His name is Marino.

Mr. HALLEY. What is his full name, please?

Mr. MORETTI. Anthony Marino.

Mr. HALLEY. Where does he live?

Mr. MORETTI. He lives in the Bronx.

Mr. HALLEY. May we have the address?

Mr. MORETTI. Yes; 2916 Dudley Avenue, Bronx, N. Y.

Mr. HALLEY. And you stayed at his home?

Mr. MORETTI. Yes, stayed there for a few days and came back home again.

Mr. HALLEY. How long did you stay there?

Mr. MORETTI. A few days; I said a few days.

Mr. HALLEY. Did you go anywhere else during the latter part of October 1950?

Mr. MORETTI. No, sir; I did not.

Mr. HALLEY. Did you go to any of your places of business during the first 2 weeks of October of 1950?

Mr. MORETTI. My places of business?

Mr. HALLEY. Yes.

Mr. MORETTI. I have no business. I don't know what you are referring to.

Mr. HALLEY. You have no business?

Mr. MORETTI. I don't know what you are referring to, sir.

Mr. HALLEY. Well, do you have any business?

Mr. MORETTI. No, I don't.

Mr. HALLEY. Have you ever had any business?

Mr. MORETTI. Yes, I have had businesses.

Mr. HALLEY. When did you last have a business?

Mr. MORETTI. Oh, this is some time ago.

Mr. HALLEY. A matter of years?

Mr. MORETTI. Yes, a matter of years, a matter of 2 or 3 years.

Mr. HALLEY. How many years?

Mr. MORETTI. Two or three years.

Mr. HALLEY. Two or three years?

Mr. MORETTI. That is right.

Mr. HALLEY. What was the last business in which you engaged?

Mr. MORETTI. The last business I was engaged in was in the textile business.

Mr. HALLEY. Where and under what name?

Mr. MORETTI. The Electrosol Dyeing—dyeing business.

Mr. HALLEY. Where was that located?

Mr. MORETTI. That was located in Paterson, N. J.

Mr. HALLEY. Did you have any associates in that business?

Mr. MORETTI. Yes; I had associates.

Mr. HALLEY. Who were they?

Mr. MORETTI. I will have to refer to records, names—I don't remember too well.

Mr. HALLEY. How long were you in that business?

Mr. MORETTI. Around 6 months more or less.

Mr. HALLEY. Did it fail or did you sell out? How did you leave it?

Mr. MORETTI. No; I sold out.

Mr. HALLEY. You sold out?

Mr. MORETTI. That is right.

Mr. HALLEY. What other businesses have you been in during the last 5 years?

Mr. SELSER. I object to that question, and direct my witness, my client, not to answer on the ground that it may tend to incriminate him.

The CHAIRMAN. You are directed to answer, Mr. Moretti.

Mr. MORETTI. What other business?

The CHAIRMAN. What other businesses have you been in in the last 5 years?

Mr. MORETTI. I am sorry, sir, I will have to take advice of counsel, and refuse to answer the question on grounds it may incriminate me.

Mr. HALLEY. What other legitimate businesses have you been in the last 5 years?

Mr. SELSER. I object to it on the same grounds, and direct the witness not to answer.

The CHAIRMAN. You are directed to answer, Mr. Moretti.

Mr. MORETTI. I am sorry, I have to take the same position, sir.

Mr. HALLEY. Was the textile business you have just described a legitimate business?

Mr. SELSER. I object to that and direct the witness not to answer.

The CHAIRMAN. You are directed to answer, Mr. Moretti.

Mr. MORETTI. How can I answer a question of that kind, sir?

The CHAIRMAN. Well, you can either take the counsel of your lawyer—

Mr. MORETTI. Yes; I take the advice of counsel; I cannot answer that question.

Mr. HALLEY. Do you know the difference between a legitimate business and an illegitimate business?

Mr. MORETTI. I don't, I am sorry, I don't.

Mr. SELSER. I object—all right.

Mr. HALLEY. You do not know?

Mr. MORETTI. Will you explain it to me?

Mr. HALLEY. Were you ever in a linen supply business?

Mr. MORETTI. No, sir; I never have been.

Mr. HALLEY. Were you ever connected with the U. S. Linen Supply Co.?

Mr. MORETTI. I have been connected, yes; I have been connected with them.

Mr. HALLEY. What was the nature of your connection?

Mr. MORETTI. Nature of my connection? The nature was to try and get customers.

Mr. HALLEY. How long were you connected with them?

Mr. MORETTI. Oh, not very long.

The CHAIRMAN. How long? One year or two years?

Mr. MORETTI. About a year, sir; I don't remember.

Mr. HALLEY. Would you say about 3 years?

Mr. MORETTI. I don't remember; I am sorry I cannot answer that question?

Mr. HALLEY. Can I refresh your recollection? Was it in 1944, 1945, and 1946?

Mr. MORETTI. It might have been.

Mr. HALLEY. Was your brother connected with that business, too?

Mr. MORETTI. Pardon?

Mr. HALLEY. Was your brother also connected with that business?

Mr. MORETTI. With the U. S. Linen, sir?

Mr. HALLEY. Yes.

Mr. MORETTI. Yes, he is; he still is connected with it, as far as I know.

Mr. HALLEY. That is a laundry service, is that right?

Mr. MORETTI. That is right.

Mr. HALLEY. And cleaning?

Mr. MORETTI. Laundry service.

Mr. HALLEY. And you were, in effect, a salesman for them?

Mr. MORETTI. Yes; more or less in that capacity.

Mr. HALLEY. Have you had any other connections with any other businesses in the last 5 years?

Mr. MORETTI. I am sorry, I cannot answer that question.

Mr. HALLEY. Have you had any other connections of any nature with any legitimate businesses in the last 5 years?

Mr. MORETTI. I am sorry I cannot answer that question, sir.

Mr. HALLEY. Now, were you ever connected with the B & T Trading Co.?

Mr. MORETTI. I am sorry, I can't answer that question either.

Mr. HALLEY. May I ask the chairman to direct an answer to that question?

The CHAIRMAN. You are directed to answer were you ever connected with the B & T Trading Co.

Mr. MORETTI. On the advice of counsel, sir, I am sorry, I cannot answer that question for fear it would incriminate me.

Mr. HALLEY. Were you ever connected with the L & C Amusement Co.?

Mr. MORETTI. I have to give you the same answer, sir.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse on the advice of counsel on the ground that it may incriminate me, sir.

Mr. HALLEY. Were you ever connected with the G & R Trading Co.?

Mr. MORETTI. The same answer, sir.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. The same answer, on advice of counsel.

Mr. HALLEY. Were you ever connected with the Pal Trading Co.?

Mr. MORETTI. The same answer, sir.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse on the ground that it may incriminate me.

Mr. HALLEY. Is it not a fact that from July of 1949 to January of 1950 you had a 35-percent interest in the General Trading Co.?

Mr. MORETTI. I refuse to answer the question on grounds that it may incriminate me, sir.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse, sir, on the same grounds.

Mr. HALLEY. Do you know Joseph Doto?

Mr. MORETTI. Yes, I do.

Mr. HALLEY. Were you ever in business with him?

Mr. MORETTI. I refuse to answer on the ground it may incriminate me, sir.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse on the same grounds.

Mr. HALLEY. Do you know Anthony Guarini?

Mr. MORETTI. Yes; I do, sir.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. A good many years, sir.

Mr. HALLEY. Were you ever in business with him?

Mr. MORETTI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse on the same grounds, sir.

Mr. HALLEY. Do you know James Lynch?

Mr. MORETTI. Yes, sir; I do.

Mr. HALLEY. Did you ever have any business relations with him?

Mr. MORETTI. I refuse to answer on the same grounds.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse to answer on the ground it may incriminate me.

Mr. HALLEY. Do you know Arthur Longano?

Mr. MORETTI. Yes, sir; I do.

Mr. HALLEY. Have you had any business relations with him?

Mr. MORETTI. I refuse to answer on the same grounds, sir.

The CHAIRMAN. You will be directed to answer.

Mr. MORETTI. I refuse to answer on the ground it may incriminate me.

Mr. HALLEY. Do you know Gerald Catena?

Mr. MORETTI. I do, sir.

Mr. HALLEY. How long have you known Gerald Catena?

Mr. MORETTI. I have known Mr. Catena for some time.

Mr. HALLEY. Have you ever had any business relationship with him?

Mr. MORETTI. I refuse to answer on the same, sir.

The CHAIRMAN. You are directed to answer that question.

Mr. MORETTI. I refuse to answer on the grounds that it may incriminate me.

Mr. HALLEY. Is it not a fact that between April of 1945 and April of 1946 you received \$38,290.70 from the G & R Trading Co.

Mr. MORETTI. I refuse to answer, sir, on the ground it may incriminate me.

The CHAIRMAN. You will be directed to answer whether you received that amount or any other amount from G & R Trading Co.

Mr. MORETTI. I refuse to answer on the grounds it may incriminate me.

Mr. HALLEY. Do you know an accountant named I. George Goldstein?

Mr. MORETTI. I have heard of him, yes; I know him slightly.

Mr. HALLEY. Has he ever filed an income-tax return for any company of which you were a partner or an associate?

Mr. MORETTI. I refuse to answer on the grounds that it might incriminate me.

The CHAIRMAN. Now, wait a minute. you will be directed to answer that question.

Mr. MORETTI. I am sorry, sir, I cannot answer that question because it is pertaining to my constitutional rights, and I want to protect myself as much as I possibly can, sir.

Mr. HALLEY. Is it not a fact that you received \$49,000 from the B & T Trading Co. between the years 1947 and 1948?

Mr. MORETTI. I am sorry, I refuse to answer the question.

The CHAIRMAN. You will be directed to answer whether you received that amount or any amount from the——

Mr. HALLEY. B & T Trading Co.

The CHAIRMAN (continuing). B & T Trading Co.

Mr. MORETTI. Well, sir, all these questions that you are asking me, if I may say so at this time——

The CHAIRMAN. Do you want to answer it at this time or not?

Mr. MORETTI. I refuse to answer, sir.

The CHAIRMAN. You understand you have been directed by the committee to answer.

Mr. MORETTI. I refuse to answer——

Mr. SELSER. May I say he has been advised by counsel not to answer, sir, on the grounds that it violates his constitutional privilege.

The CHAIRMAN. We understand the reason he gives for not answering, Mr. Selser.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. MORETTI. Yes; I do.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know Joe Stacci?

Mr. MORETTI. Joe who?

Mr. HALLEY. Stacci.

Mr. MORETTI. Yes; I know Joe Stacci.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. MORETTI. I don't think so; I don't remember; I don't believe I have had.

Mr. HALLEY. Do you know Mike Lascari?

Mr. MORETTI. Mike what?

Mr. HALLEY. Lascari.

Mr. MORETTI. Mike Lascari?

Mr. HALLEY. L-a-s-c-a-r-i.

Mr. MORETTI. I might know him; I do not know, I am not sure. I might know him, I might not.

Mr. HALLEY. Well, did you ever know a man named Yanowsky, who was murdered in New Jersey, Charley Yanowsky?

Mr. MORETTI. I don't believe I do; no.

Mr. HALLEY. He was murdered July of 1948.

Mr. MORETTI. No; I don't believe I know that name.

Mr. HALLEY. You do not believe you know him?

Mr. MORETTI. Pardon?

Mr. HALLEY. You do not believe you know him?

Mr. MORETTI. No, I don't believe I know him; no.

Mr. HALLEY. Do you know Frank Costello?

Mr. MORETTI. Yes; I know Frank Costello.

Mr. HALLEY. How long have you known Frank Costello?

Mr. MORETTI. Oh, I have known Frank Costello a good number of years.

Mr. HALLEY. When did you first meet him?

Mr. MORETTI. Oh, I met Mr. Costello around a race track.

Mr. HALLEY. Did you know Charles Binaggio?

Mr. MORETTI. Charles who?

Mr. HALLEY. Binaggio.

Mr. MORETTI. No, sir.

Mr. HALLEY. When did you first meet Costello?

Mr. MORETTI. Oh, a good many years ago, sir, around the race track.

Mr. HALLEY. Would you say at least 20 years?

Mr. MORETTI. Pardon?

Mr. HALLEY. Would you say at least 20 years?

Mr. MORETTI. No; I don't believe it is that long.

Mr. HALLEY. Is it longer than 10?

Mr. MORETTI. Around 10, I imagine, yes; around 10.

Mr. HALLEY. And you say you first met him around a race track?

Mr. MORETTI. That is right, sir.

Mr. HALLEY. Who introduced you?

Mr. MORETTI. My brother introduced me to him.

Mr. HALLEY. Your brother Willie?

Mr. MORETTI. That is right.

Mr. HALLEY. And have you ever had any business dealings with Frank Costello?

Mr. MORETTI. No, sir; I have not.

Mr. HALLEY. Have you ever placed bets with him, or has he ever placed any with you?

Mr. MORETTI. No, sir; no, sir.

Mr. HALLEY. Do you know Frank Erickson?

Mr. MORETTI. Do I know Frank Erickson? Yes; I know Frank Erickson.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. I have known him for some time.

Mr. HALLEY. Have you ever had any business dealing with him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know Abner Zwillman?

Mr. MORETTI. Who?

Mr. HALLEY. Zwillman.

Mr. MORETTI. Yes; I know Mr. Zwillman; yes.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. Oh, I know him for 7, 8 years, 10 years probably.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you ever been in his home?

Mr. MORETTI. No, sir.

Mr. HALLEY. Has he ever been in yours?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know Jack Dragna?

Mr. MORETTI. Jack who?

Mr. HALLEY. D-r-a-g-n-a.

Mr. MORETTI. I don't believe I do.

Mr. HALLEY. He lives in California.

Mr. MORETTI. No; I don't believe I do, sir.

Mr. HALLEY. Do you know Tony Gizzo, G-i-z-z-o?

Mr. MORETTI. No; I don't remember that name.

Mr. HALLEY. His home is in Kansas City.

Mr. MORETTI. No; I don't think I remember him.

Mr. HALLEY. Did you know Charles Luciano?

Mr. MORETTI. Yes; I have known Charles Luciano.

Mr. HALLEY. How long have you know Charles Luciano?

Mr. MORETTI. Oh, about 10, 12 years.

Mr. HALLEY. Have you seen him within the last 5 years?

Mr. MORETTI. No, sir; I have not.

Mr. HALLEY. Have you talked to him on the telephone within the last 5 years?

Mr. MORETTI. No, sir; I have not.

Mr. HALLEY. Do you know Tony Accardo from Chicago?

Mr. MORETTI. Tony who?

Mr. HALLEY. Accardo.

Mr. MORETTI. No; I don't think I know that name; no, sir.

Mr. HALLEY. Do you know Charles Fischetti?

Mr. MORETTI. No; I don't think I know that man.

Mr. HALLEY. Do you know Little Augie Pisano, who is also known as Carfano?

Mr. MORETTI. I think I know him, yes; I think I know him.

Mr. HALLEY. Do you know Vito Genovese?

Mr. MORETTI. Who?

Mr. HALLEY. Vito Genovese.

Mr. MORETTI. Vito Genovese? No; I don't think I know him; no.

Mr. HALLEY. Do you know Profaci?

Mr. MORETTI. Joe who?

Mr. HALLEY. Profaci.

Mr. MORETTI. Yes, I think I know him; yes, I think I do.

Mr. HALLEY. In fact, wasn't he at the wedding that your brother had for his daughter?

Mr. MORETTI. He might have been, I don't know, sir.

Mr. HALLEY. Well, you know Joe Profaci, don't you?

Mr. MORETTI. Yes, I said I think I know him; I answered that question.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. I may have known him for some time, but I only see him once in a great while.

Mr. HALLEY. But you know him, do you not?

Mr. MORETTI. Yes, I admit that.

Mr. HALLEY. There is no doubt about that, is there?

Mr. MORETTI. No, there is no doubt about that, no doubt about that.

Mr. HALLEY. Did you know Bugsy Siegel?

Mr. MORETTI. Who?

Mr. HALLEY. Bugsy Siegel.

Mr. MORETTI. Yes, I had known Bugsy Siegel, yes.

Mr. HALLEY. How long did you know him?

Mr. MORETTI. Oh, around the same time, 10, 12 years.

Mr. HALLEY. Did you ever have any business relationship with Bugsy Siegel?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know what the Mafia is?

Mr. MORETTI. What?

Mr. HALLEY. The Mafia, M-a-f-i-a.

Mr. MORETTI. I am sorry, I don't know what you are talking about.

Mr. HALLEY. Have you ever heard of the Mafia?

Mr. MORETTI. No, I never have.

Mr. HALLEY. Have you ever heard that word before?

Mr. MORETTI. No, I am sorry, I did not.

Mr. HALLEY. You never heard that word before in your life?

Mr. MORETTI. No, sir; I did not.

Mr. HALLEY. Do you read?

Mr. MORETTI. No, as I says before, I don't read very much on account of my eyes.

Mr. HALLEY. And you had never seen that word in print, M-a-f-i-a?

Mr. MORETTI. No, I don't believe I have.

Mr. HALLEY. And it has never come to your ears; you have never heard that word?

Mr. MORETTI. No, sir.

Mr. MORETTI. Have you ever heard of the Unione Siciliano?

Mr. MORETTI. What?

Mr. HALLEY. The Unione Siciliano.

Mr. MORETTI. No, I am sorry; I never heard of that.

Mr. HALLEY. I had better spell it to make sure we are talking about the same thing, U-n-i-o-n-e S-i-c-i-l-i-a-n-o.

Mr. MORETTI. No, sir; I never heard of it.

Mr. HALLEY. Never heard of that either at any time in your life?

Mr. MORETTI. Never have.

Mr. HALLEY. Did you ever hear of the Tropics Inn in Mountain View, N. J.?

Mr. MORETTI. The what, sir?

Mr. HALLEY. The Tropics Inn in Mountain View, N. J.?

Mr. MORETTI. No, I don't believe I have.

Mr. HALLEY. Were you ever inside of it?

Mr. MORETTI. Tropics Inn in Mountain View, N. J.?

Mr. HALLEY. Yes.

Mr. MORETTI. I don't believe I have, sir; no.

Mr. HALLEY. Were you ever in a place located at 1205 McBride Avenue, West Paterson, N. J.?

Mr. MORETTI. I refuse to answer that question, sir.

The CHAIRMAN. Well, you are directed to answer it.

Mr. MORETTI. I refuse to answer that question on the ground it may incriminate me, sir.

Mr. HALLEY. Under what law do you claim that it may incriminate you?

Mr. SELSER. On the advice of counsel.

Mr. HALLEY. To what law are you referring?

Mr. SELSER. I will not refer to the law, sir.

Mr. HALLEY. You just claim in a vacuum?

Mr. SELSER. Yes. I claim there is a right to refuse to answer the question, and I am so advising my client.

The CHAIRMAN. Well, the question is have you ever been at some place. I do not know what Federal law that may convict him of. Let the record show he has been directed to answer, and he refuses.

Mr. SELSER. Yes, sir.

Mr. HALLEY. Were you ever in a building in Lodi, N. J., in which there was a gambling establishment maintained?

Mr. MORETTI. I refuse to answer that question, sir.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse to answer that question on advice from counsel.

Mr. HALLEY. Were you ever in a place called the Carriage Factory in New Jersey?

Mr. MORETTI. I refuse to answer the question on grounds that it may incriminate me.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. On advice of counsel I take the same position.

Mr. HALLEY. Do you know a man named Alex Goldfein?

Mr. MORETTI. I refuse to answer that question, sir.

The CHAIRMAN. The question is whether you know Alex Goldfein or not.

Mr. MORETTI. Yes, I know Alex Goldfein.

Mr. HALLEY. Have you ever had any business relationships with him?

Mr. MORETTI. I refuse to answer, sir.

Mr. HALLEY. Is it not the fact—

The CHAIRMAN. Wait a minute, you are directed to answer that question.

Mr. MORETTI. On advice of counsel I refuse to answer that question in that it may incriminate me, sir.

Mr. HALLEY. Is it not the fact that Alex Goldfein was in charge of the help in the gambling rooms maintained by G & R Trading Co., the B & T Trading Co., the L & C Amusement Co., the Pal Trading Co., and the General Trading Co.?

Mr. MORETTI. I refuse to answer that question on advice of counsel, sir.

The CHAIRMAN. You are directed to answer, sir.

Mr. MORETTI. On the ground it may incriminate me, I have to take the same position.

The CHAIRMAN. Let the record show that you have been directed and you refuse to answer.

Mr. HALLEY. Do you know Emanuel Schaefer?

Mr. MORETTI. I don't know whether I do or not, sir.

Mr. HALLEY. Have you personally been active in a business in which a crap game was maintained or operated?

Mr. MORETTI. I refuse to answer, sir, on advice of counsel.

The CHAIRMAN. You are directed to answer, and you refuse?

Mr. MORETTI. On the same ground, sir, I refuse.

Mr. HALLEY. Do you know Pete Licavoli?

Mr. MORETTI. Pardon?

Mr. HALLEY. Pete Licavoli.

Mr. MORETTI. No, I don't think I do. I don't remember that name; I don't think I do, sir.

Mr. HALLEY. Were you ever in Tucson, Ariz.?

Mr. MORETTI. No, sir.

Mr. HALLEY. You have never been there in your life?

Mr. MORETTI. I never have.

Mr. HALLEY. And you have never been in the State of Arizona?

Mr. MORETTI. No, sir; I have not.

Mr. HALLEY. How large a company is this linen supply company you worked for, the U. S. Linen Supply?

Mr. MORETTI. I am sorry I cannot answer that because I left there some time ago and I don't know whether they have made some expansions or not; I can't answer that, sir.

Mr. HALLEY. How many people work there, do you remember?

Mr. MORETTI. No. I was the outside man, I don't remember; but a number of employees were there.

Mr. HALLEY. What did you brother do there?

Mr. MORETTI. I was never inside the plant; I don't know. I was an outside man; I don't know what his authority or his duties were.

Senator WILEY. What did you do outside?

Mr. HALLEY. Senator Wiley asked you a question.

Mr. MORETTI. I am sorry, I didn't hear.

Senator WILEY. What were your functions outside?

Mr. MORETTI. I was a salesman, sir.

Senator WILEY. What did you sell?

Mr. MORETTI. I tried to get customers to sell linens, sir.

Senator WILEY. Sell anything else?

Mr. MORETTI. No, sir.

Senator WILEY. That is all.

Mr. HALLEY. Why did you give up your connection with your company?

Mr. MORETTI. Why, I had just run out of friends, I suppose, and I could not get any more customers; and I wasn't giving them the service, so I figured it is best I would leave.

Mr. HALLEY. You mean it was an unsuccessful venture?

Mr. MORETTI. I mean, yes; so far as I was concerned; I mean I couldn't get any more customers for them.

Mr. HALLEY. Did you invest any money in this textile business you were telling the committee about sometime back?

Mr. MORETTI. Yes; I believe I have, yes; I have invested some money.

Mr. HALLEY. How much did you invest in it?

Mr. MORETTI. I am sorry; unfortunately in the moving all my records have been lost, and I can't remember correctly. I have invested some money, but I can't remember what I have invested, sir.

The CHAIRMAN. Well, give us your best estimate, \$5,000, \$10,000.

Mr. MORETTI. Well, I can't remember, sir; I can't remember. I mean I wouldn't want to say one thing for another.

Mr. HALLEY. How long ago was this?

Mr. MORETTI. I imagine it was 2 or 3 years ago, right after the war.

Mr. HALLEY. When you gave it up did you get any money out of it or did you lose your whole investment?

Mr. MORETTI. No, I didn't lose the whole investment, that is the reason I don't remember.

Senator WILEY. When did you lose your records?

Mr. MORETTI. Just recently, sir.

Senator WILEY. How long ago?

Mr. MORETTI. Oh, I would say in the last 5 or 6 months. I looked for them and couldn't find them.

Senator WILEY. What did they consist of, one book, two books, or what?

Mr. MORETTI. Two or three books, sir.

Senator WILEY. Did you keep them yourself?

Mr. MORETTI. Yes.

Senator WILEY. And you have to have three books to keep your records?

Mr. MORETTI. Well, I mean, there might have been some other records; that is the reason I say it was two or three books.

Senator WILEY. Have you any recollection as to your approximate worth, as indicated by those books?

Mr. MORETTI. No, I can't remember. The reason I can't remember, as I said previously, that——

Senator WILEY. Do you remember how much your income was during the last year?

Mr. MORETTI. Do I remember what the last income was?

Senator WILEY. Yes.

Mr. MORETTI. Yes, I do; I imagine so in round figures; I do.

Senator WILEY. How much?

Mr. MORETTI. Around \$70,000; something like that.

Senator WILEY. \$70,000?

Mr. MORETTI. That is right, sir.

Senator WILEY. How many years have you had an income of \$70,000?

Mr. MORETTI. Well, I don't remember because of the records being lost, sir.

Senator WILEY. Well, you must, with that income, have some idea as to at least the real estate that you own. You have testified here you own two houses, and you sold one. What other real estate have you got?

Mr. MORETTI. I don't have no other real estate.

Senator WILEY. What is that?

Mr. MORETTI. I don't have any other.

Senator WILEY. What did you do with your \$70,000 per year?

Mr. MORETTI. \$70,000—pardon? Will you repeat that, please?

Senator WILEY. What did you do with it, with the \$70,000 that you earned per year for a while?

Mr. MORETTI. I spent it; I spent it, sir.

Senator WILEY. Put it into an investment, stocks, bonds?

Mr. MORETTI. No, no; I did not. I bought a horse, if that is what you mean; I remember that last venture.

Senator WILEY. How much did the horse cost you?

Mr. MORETTI. \$40,000.

Senator WILEY. \$40,000?

Mr. MORETTI. That is right.

Senator WILEY. Have you still got it?

Mr. MORETTI. No; I sold it.

Senator WILEY. How much did you sell it for?

Mr. MORETTI. The same amount, sir.

Senator WILEY. You are sure that is all you got for it?

Mr. MORETTI. That is right.

Senator WILEY. What other investment did you make? You did not buy a cow or a calf?

Mr. MORETTI. No; I did not. [Laughter.]

Senator WILEY. Well, the man who makes \$70,000 a year ought to have something to show for it. Don't you want to tell us where the rest of the money has gone that you have spent?

Mr. MORETTI. Well, I have a home, if that is what you mean, sir; I have a home.

Senator WILEY. How much did your home cost?

Mr. MORETTI. It cost me in the neighborhood of \$50,000, \$60,000.

Senator WILEY. How much did the one that you sold cost?

Mr. MORETTI. I don't know. I sold it for \$25,000, sir.

Senator WILEY. I do not think I have any more questions.

The CHAIRMAN. Where do you keep all this money, in a bank?

Mr. MORETTI. Yes; I keep it in a bank, sir.

The CHAIRMAN. What bank do you keep it in?

Mr. MORETTI. I bank in the Woodridge National Bank.

The CHAIRMAN. Is that in a safety-deposit box or in a banking account?

Mr. MORETTI. No; in a bank account.

The CHAIRMAN. In your name?

Mr. MORETTI. Yes.

The CHAIRMAN. Is that the only bank you have?

Mr. MORETTI. That is right, sir.

The CHAIRMAN. You do not keep any money in a box?

Mr. MORETTI. No; I do not.

Mr. HALLEY. How do you make this money? Have you had in the last 3 years any legitimate sources of income?

Mr. MORETTI. I am sorry; I refuse to answer on advice of counsel.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse to answer on the grounds that it may incriminate me, sir.

Mr. HALLEY. Can you state any legal source of any of the \$70,000 you say you earned last year?

Mr. MORETTI. I am sorry, I refuse to answer that question, sir.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. On advice of counsel I refuse to answer the question.

Mr. HALLEY. Is it not a fact that your actual income in 1949 was \$84,000?

Mr. MORETTI. It might be. As I have said, I have lost my records and I can't answer anything truthfully. [Laughter.]

If you have the records there, you could show—

The CHAIRMAN. You mean you have difficulty in answering accurately?

Mr. MORETTI. Well, I am sorry, I can't answer accurately, Senator, if I don't have the figures in front of me. You would not want me to say one thing for another. I mean I don't want to.

The CHAIRMAN. Mr. Moretti, how long had you had these records that you are talking about, keeping them for 25, 30 years?

Mr. MORETTI. Oh, no; I don't imagine so.

The CHAIRMAN. How long had you been keeping them?

Mr. MORETTI. I imagine the last 3 or 4 years or so.

The CHAIRMAN. Where did you keep the records?

Mr. MORETTI. They were kept in a drawer in my bedroom.

The CHAIRMAN. And you made all your entries of transactions in those records?

Mr. MORETTI. What entries do you mean, sir?

The CHAIRMAN. I mean you put in there what you made, what you invested in, what your profit was, things of that sort?

Mr. MORETTI. Well, yes and no. I didn't keep—I am not a bookkeeper, sir, I mean, if that is what you mean; I am not a bookkeeper, sir.

Senator WILEY. Who kept the books?

Mr. MORETTI. I kept the books.

Senator WILEY. You mean you made the entries yourself?

Mr. MORETTI. Yes.

Senator WILEY. You did not have anyone else make them?

Mr. MORETTI. No.

Senator WILEY. And you had enough business in the last 3 or 4 years so that you—and made enough entries that you had to use three books?

Mr. MORETTI. No; I wouldn't say that. You asked me how many books it was; you didn't say it was for the business or whatever the question was; you asked me how many books there were, and I said there may have been two or three books.

Senator WILEY. Might have been.

Mr. MORETTI. Yes.

Senator WILEY. Two or three?

Mr. MORETTI. That is right; two or three.

Senator WILEY. You are not sure. Was the book the size of this one? [indicating].

Mr. MORETTI. Yes; something like that.

Senator WILEY. How many pages in the book?

Mr. MORETTI. Oh, it is not a very large book. It is not a very large book.

Senator WILEY. Well, the book I have in front of me must be 8 by 10, about that size [indicating].

Mr. MORETTI. It was about that size, sir.

Senator WILEY. And you put entries in every day?

Mr. MORETTI. Oh, no; definitely not. As I say, I am not a book-keeper.

Senator WILEY. You are not a bookkeeper. What did you keep books for then? Why did you keep the books?

Mr. MORETTI. Pardon?

Senator WILEY. Why did you keep the books if you are not a book-keeper?

Mr. MORETTI. Well, to try and get some amount of moneys that I made, I suppose; I don't know why I kept books. [Laughter.]

I suppose that is the only reason, sir.

Senator TOBEY. Were these books used by you in figuring up your income-tax return to the Federal Government?

Mr. MORETTI. Yes; more or less.

Senator TOBEY. In other words, who made out your income tax?

Mr. MORETTI. More or less for that reason, sir.

Senator TOBEY. Who made out your income-tax return? Who makes it out for you?

Mr. MORETTI. Who makes it out for me?

Senator TOBEY. Yes.

Mr. MORETTI. A fellow by the name of Greenberg.

Senator TOBEY. What is his first name?

Mr. MORETTI. Abe Greenberg.

Senator TOBEY. Where is he located?

Mr. MORETTI. In Passaic.

Senator TOBEY. In Passaic?

Mr. MORETTI. New Jersey; yes, sir.

Senator TOBEY. And do I understand you to mean that you turned these books over to him and he therefrom got your figures for income-tax returns?

Mr. MORETTI. Yes, sir.

Senator TOBEY. And he returned the books to you?

Mr. MORETTI. That is right.

Senator TOBEY. That is all.

The CHAIRMAN. Any further questions?

Senator WILEY. Yes. I was just getting into this. Let us get it straight. These were books that you kept yourself; is that right?

Mr. MORETTI. That is right, sir.

Senator WILEY. Now, what was the nature of the entries in those books?

Mr. MORETTI. I refuse to answer that, sir.

The CHAIRMAN. You are directed to answer the question.

Mr. MORETTI. I refuse to answer that question on advice of counsel that it may incriminate me, sir.

Senator WILEY. Do you remember how many entries you made in the books, say, in a month's time?

Mr. MORETTI. I suppose two or three, sir.

Senator WILEY. Two or three?

Mr. MORETTI. Yes.

Senator WILEY. What was the reason for two or three books if you only made two or three entries a month?

Mr. MORETTI. Well, I can't answer that, because the reason I can't answer that is because I don't have the books here with me.

Senator WILEY. Well, now, you are not as dumb as all that. Let us be frank. If you only made two or three entries a month——

Mr. MORETTI. That is right.

Senator WILEY (continuing). Why did you need two or three books to take care of your entries or transactions?

Mr. MORETTI. I guess I needed two or three books if I was there—that is about all; I can't answer any other intelligent way, sir.

Senator WILEY. You mean they were duplicates or triplicate entries?

Mr. MORETTI. Oh, no; definitely not, sir.

Senator WILEY. Did the books constitute an inventory in any way of your assets?

Mr. MORETTI. No; I would not say that. I wouldn't say it was an inventory, sir.

Senator WILEY. They constituted entries of your business transactions?

Mr. MORETTI. I suppose you could call it that. I mean, just as I says, I would turn these books over to the accountant, and he would make my income tax out of it; that is all.

Senator WILEY. Let us get it straight. Did the books constitute entries of your business transactions?

Mr. MORETTI. I refuse to answer that, sir; refuse on the ground that it may incriminate me, sir.

The CHAIRMAN. You are directed to answer, sir.

Mr. MORETTI. On the same grounds, and on advice of counsel, I refuse to answer, sir.

Senator WILEY. Now, how many sources did you get your moneys from that were entered in the books?

Mr. MORETTI. I refuse to answer that, sir, on advice of counsel.

The CHAIRMAN. You will be directed to answer it.

Mr. MORETTI. I refuse on the same grounds, sir.

Senator WILEY. Did the notations or entries that you put in the books result from cash or result from checks or result from anything else?

Mr. MORETTI. I refuse to answer that question, sir, on the grounds that it may incriminate me.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. On advice of counsel I refuse to answer it.

Senator WILEY. Can you give any justifiable reason, if you only made two or three entries a month, why you had to have three or two books?

Mr. MORETTI. Well, there might have been one book. Now that you are making it so obvious, I mean it might have been just one book; I don't remember. I just says two or three books, and I thought that is what it was, and it might still have been two or three books, sir.

Senator WILEY. How old are you?

Mr. MORETTI. I am 46 years of age, sir.

Senator WILEY. Born in America?

Mr. MORETTI. Born in America; yes, sir.

Senator WILEY. What education did you have?

Mr. MORETTI. Well, I didn't have very much education, sir. I left school when I was 14 years old.

Senator WILEY. Left school?

Mr. MORETTI. Yes, sir.

Senator WILEY. What did you do then?

Mr. MORETTI. I went to work, sir.

Senator WILEY. Where?

Mr. MORETTI. I worked in the Port Newark shipyards, sir.

Senator WILEY. Did you work for your Government?

Mr. MORETTI. Yes, I did, sir.

Senator WILEY. And you think that these business transactions and these entries that you have been in would injure you with your Government?

Mr. MORETTI. I don't know, sir; I can't answer that question; I don't know.

Senator WILEY. You are married?

Mr. MORETTI. Yes; I am.

Senator WILEY. When you skipped from house to house and from house to New York did your wife go with you?

Mr. MORETTI. Yes; my wife was with me.

Senator WILEY. She accompanied you all the time?

Mr. MORETTI. Yes.

Senator WILEY. Did you take your books with you any place?

Mr. MORETTI. No, sir.

Senator WILEY. Did she have custody of those books?

Mr. MORETTI. No, sir; she did not.

Senator WILEY. Where did they disappear from; what house?

Mr. MORETTI. From the Hasbrouck Heights house, sir.

Senator WILEY. Which?

Mr. MORETTI. Hasbrouck Heights house.

Senator WILEY. Is that the one you sold?

Mr. MORETTI. Yes.

Senator WILEY. You have no idea how they disappeared?

Mr. MORETTI. No; I am sorry I don't.

Senator WILEY. You did not think they were of any consequence to you to keep, so that you put them under lock and key anywhere?

Mr. MORETTI. Well, when you are moving and you are running from one house to another, there is a lot of things, I suppose, you forget to do.

Senator WILEY. Did these books reflect the \$70,000-a-year income that you had?

Mr. MORETTI. Well, I don't know whether they did.

Senator WILEY. What?

Mr. MORETTI. I says I don't know whether they did or did not, sir.

Senator WILEY. And you made the entries and you don't know whether it showed—I think the records show \$84,000 now—that they reflect that income?

Mr. MORETTI. I supposed they did; yes, sir.

Senator WILEY. You suppose they did?

Mr. MORETTI. Yes; I suppose they did.

Senator WILEY. Did it reflect the sources of that income?

Mr. MORETTI. I suppose it did.

Senator WILEY. Did it reflect payments that you made from receipts that you got?

Mr. MORETTI. Well, what do you mean, sir?

Senator WILEY. Did it show receipts and disbursements or receipts and payments that you made?

Mr. MORETTI. I suppose it did.

Senator WILEY. You suppose they did?

Mr. MORETTI. Yes, sir.

Senator WILEY. That was accounted for by about three entries a month?

Mr. MORETTI. I suppose so; yes, sir.

Senator WILEY. Well now, you do not think that is a very reasonable statement, do you?

Mr. MORETTI. Well, I am sorry if it does not seem reasonable, sir.

Senator WILEY. That is your judgment?

Mr. MORETTI. Yes, sir.

Senator WILEY. That is a fair exposition of the facts to this group here?

Mr. MORETTI. I am not trying to insult you people, don't misunderstand me. I am not trying to do anything like that, if that is what you are referring to, Senator.

Senator WILEY. Didn't you keep the books in a safe in your apartment?

Mr. MORETTI. No, sir.

Senator WILEY. What?

Mr. MORETTI. No, sir.

Senator WILEY. Did you have a safe there?

Mr. MORETTI. Yes; I have a safe.

Senator WILEY. Who had the combination to the safe?

Mr. MORETTI. I have the combination.

Senator WILEY. Anyone else?

Mr. MORETTI. No, sir.

Senator WILEY. Well, didn't you consider these books of sufficient significance or importance so they should be kept in a safe?

Mr. MORETTI. Well, at the time I didn't think so, sir.

Senator WILEY. Well, didn't they reflect your business or your transactions?

Mr. MORETTI. Yes, they did; yes, they did.

Senator WILEY. Yes.

Now, as a matter of fact, did they just conveniently get lost?

Mr. MORETTI. No; I wouldn't say that, sir.

Senator WILEY. Well, what would you say?

Mr. MORETTI. I have nothing to hide, sir. There is nothing for me to conceal. Why should I conceal anything from your people? [Laughter.]

Senator WILEY. Well, the books are concealed or lost anyway, are they not?

Mr. MORETTI. Yes, the books are lost; yes.

Senator WILEY. Do you have any suspicion as to who would have an interest in taking those books?

Mr. MORETTI. I don't imagine anyone should have an interest in taking my books, sir.

Senator TOBEY. If you put an ad in the New York papers something like this, "Lost, strayed, or stolen, three books containing a record of my expenses and income for the last few years; finder will be suitably rewarded by returning same to Salvatore Moretti at the above address"; won't that be a good idea?

Mr. MORETTI. No, I don't know whether it would be or not. I don't know. It might be, I suppose.

Senator TOBEY. Did you report it to the police?

Mr. MORETTI. No, I did not.

Senator TOBEY. Wasn't it important enough?

Mr. MORETTI. Well, I figured that it would show up sometime. I probably may have mislaid them; that is why I did not inform the police about them.

Senator WILEY. Had you ever lost your books before?

Mr. MORETTI. If I have lost my books before? I have, yes; I suppose I have.

Senator WILEY. You suppose you have? Don't you know whether you have or have not lost your books before this?

Mr. MORETTI. Well, the reason I say I suppose I have had is because I have a habit of mislaying things, sir.

Senator WILEY. Just when did you notice that the books were mislaid or lost or conveniently——

Mr. MORETTI. When I sold my home and I checked all my belongings, I found out at that time that the books were missing.

Senator WILEY. Was that about the time a subpoena was out for you?

Mr. MORETTI. No, I don't think so.

Senator WILEY. Well, let us fix the date. Now, if you can fix the month and the day or the week when you came to the conclusion the books were lost why, perhaps, we can arrive somewhere on that statement.

Now, what day did you say that you first discovered that the books were gone?

Mr. MORETTI. Well, I would say about 3 months ago.

Senator WILEY. 3 months ago?

Mr. MORETTI. Yes.

Senator WILEY. When was it that you moved from the one house to the second place?

Mr. MORETTI. Well, I have moved from that one house to the other—you mean furniture or what, sir?

Senator WILEY. Back and forth you moved; did you not?

Mr. MORETTI. Yes, I moved back and forth, and that is the reason I am asking you what do you mean, sir.

Senator WILEY. Well, you can determine yourself—you did not sell that one house until about a month ago, according to your testimony?

Mr. MORETTI. That is right.

Senator WILEY. And consequently I assume you moved the furniture about a month ago, is that right?

Mr. MORETTI. No, sir; it is not right, sir. That is the reason I asked the question again. It is not right, because I renovated the place before I sold the place.

Senator WILEY. When did you move your furniture?

Mr. MORETTI. About 3 months ago.

Senator WILEY. All right.

Then it was that you arrived at the conclusion that the books had been lost?

Mr. MORETTI. That is right; I could not find them.

Senator WILEY. Did you have anything to do with losing them?

Mr. MORETTI. Positively not, sir.

The CHAIRMAN. Are there any other questions?

Mr. HALLEY. You say you moved your furniture about 3 months ago?

Mr. MORETTI. Yes.

Mr. HALLEY. I had understood you to say that for about a year you were living at both houses.

Mr. MORETTI. That is right; about a year, I bought the place last year, sir.

Mr. HALLEY. Did you buy it furnished?

Mr. MORETTI. There was some furniture there; yes.

Mr. HALLEY. So there was enough there so that you lived in it?

Mr. MORETTI. Oh, yes; definitely.

Mr. HALLEY. During what period did you live in the new house, after you bought it?

Mr. MORETTI. I lived there last summer, sir.

Mr. HALLEY. Was it a summer house, primarily?

Mr. MORETTI. Yes.

Mr. HALLEY. It is not a winter home; is that right?

Mr. MORETTI. It is a winter home now, but when I bought it, sir, this was a summer home, and there was furniture there. I lived in there during the summertime.

Mr. HALLEY. You bought it for a summer home?

Mr. MORETTI. That is right.

Mr. HALLEY. When did you decide to shift your permanent residence to your summer home?

Mr. MORETTI. When the family got to like the place, and they said it would be best for us to make that an all-year-around home, which was last year.

Mr. HALLEY. Was that about the same time this committee began to look for you to try to serve a subpoena?

Mr. MORETTI. That was about last year when this all happened.

Mr. HALLEY. Well, you say you moved there in the fall.

Mr. MORETTI. We decided to move in there.

Mr. HALLEY. You say you did not move there until this fall.

Mr. MORETTI. That is right. I said when we decided to move there, to make this our all-year-around home, was last summer after the family enjoyed the place, and we says it was best to make it an all-year-around home, and that was last year.

Mr. HALLEY. And you still moved back to your Hasbrouck Heights house and lived there for a while, is that right, after the summer?

Mr. MORETTI. Yes, a little while.

Mr. HALLEY. Why did you do that?

Mr. MORETTI. Well, to get things straightened out; that is the reason I done that.

Mr. HALLEY. How long did you live in Hasbrouck Heights after the summer?

Mr. MORETTI. After the summer? I don't think I lived there very long, sir.

Mr. HALLEY. And it was during that period also that you lost your books, is that right?

Mr. MORETTI. It was right after that, yes, right after that, sir.

Mr. HALLEY. And of course it was during August that this committee first began investigating gambling in New Jersey, isn't that right?

Mr. MORETTI. I don't know, sir; I can't answer that.

Mr. HALLEY. Were you ever in Duke's Tavern?

Mr. MORETTI. Yes, I have been in Duke's Tavern.

Mr. HALLEY. Where is it?

Mr. MORETTI. It is in Cliffside, N. J.

Mr. HALLEY. A sort of general hang-out for gamblers in New Jersey, is it not?

Mr. MORETTI. I would not say that, sir; it is a restaurant.

Mr. HALLEY. Not generally open to the public though, is it?

Mr. MORETTI. It certainly is so far as I know, sir.

Mr. HALLEY. It is one which was pretty hard to get in unless you were known, isn't that right?

Mr. MORETTI. I wouldn't say that. As I understand, doors are open, and I never had any difficulty getting in and out of the place, sir.

Mr. HALLEY. Well, you were known as a gambler in New Jersey, were you not?

Mr. MORETTI. I refuse to answer that question, sir.

Senator TOBEY. Well, gamblers have to eat, do they not?

Mr. SELSER. Is that question seriously asked?

Senator TOBEY. Gamblers have to eat.

Mr. SELSER. Senator, I would not——

Senator TOBEY. That is universal.

Mr. SELSER (continuing). I would not have thought the question was seriously asked.

Senator TOBEY. Well, you can do your own interpreting.

Mr. HALLEY. Did you ever meet Frank Costello at Duke's Tavern?

Mr. MORETTI. I don't believe I have.

Mr. HALLEY. Did you ever meet Joe Adonis there?

Mr. MORETTI. Yes, I believe I have.

Mr. HALLEY. Did you ever meet Longy Zwillman there?

Mr. MORETTI. I don't believe I have, sir.

Mr. HALLEY. You have been there with your brother, of course?

Mr. MORETTI. Not that I know of, sir.

Mr. HALLEY. At Duke's you have never been at Duke's with your brother?

Mr. MORETTI. Not that I know of, sir.

Mr. HALLEY. What do you mean not that you know of? It is either yes or no.

Mr. MORETTI. I say I don't know. You say that he has; I said I don't know.

Mr. HALLEY. I asked you if you had ever been at Duke's restaurant with your brother Willie.

Mr. MORETTI. Yes, I have been there.

Mr. HALLEY. With your brother, Willie?

Mr. MORETTI. Yes, I have been there.

Mr. HALLEY. That is what the question was.

Mr. MORETTI. Pardon?

Mr. HALLEY. That is what the question was.

Mr. MORETTI. I am sorry, I misunderstood you.

Mr. HALLEY. Were you ever at Duke's Tavern with Gerald Catena?

Mr. MORETTI. I don't believe I have ever been there with him.

Mr. HALLEY. Did you ever see him there?

Mr. MORETTI. No, I don't believe I have.

Mr. HALLEY. Did you ever see Zwillman there?

Mr. MORETTI. No, sir; I don't believe I have.

Mr. HALLEY. Did you ever see Costello there?

Mr. MORETTI. No, I don't believe I have.

Mr. HALLEY. Did you ever see Meyer Lansky there?

Mr. MORETTI. No, I don't believe I have either.

Mr. HALLEY. Or Jack Lansky?

Mr. MORETTI. No, I don't believe I have.

Mr. HALLEY. You have never seen any of them there?

Mr. MORETTI. No, sir.

Mr. HALLEY. And you have never eaten there with them?

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you ever seen Erickson there?

Mr. MORETTI. No, sir; I don't believe I have.

Mr. HALLEY. Frank Erickson?

Mr. MORETTI. I don't believe I have, sir.

Mr. HALLEY. You do not believe you have.

Do you know the man who owns Duke's Tavern?

Mr. MORETTI. Pardon?

Mr. HALLEY. Do you know the owner of Duke's Tavern?

Mr. MORETTI. Yes; I do.

Mr. HALLEY. Lanio?

Mr. MORETTI. I think that is his name; yes.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. I have known him some time, sir.

Mr. HALLEY. Did you ever transact business in Duke's Tavern?

Mr. MORETTI. No, sir.

Mr. HALLEY. Did you ever give anybody any money in Duke's Tavern?

Mr. MORETTI. No; I never have.

Mr. HALLEY. Except to pay for a dinner?

Mr. MORETTI. No, sir.

Mr. HALLEY. Did you ever arrange to lend anybody any money in Duke's Tavern?

Mr. MORETTI. No, sir; I never have.

Mr. HALLEY. Are you sure of that?

Mr. MORETTI. Yes, sir; I am.

Mr. HALLEY. Did anybody ever approach you in Duke's Tavern to ask you for a loan?

Mr. MORETTI. No, sir; I don't believe they have.

Mr. HALLEY. No further questions.

Senator WILEY. I would like to ask two questions, Mr. Chairman.

The CHAIRMAN. All right, Senator.

Senator WILEY. Now, the undisputed testimony seems to be here that you have a very substantial income. You estimate it at \$70,000; I think it is conceded that it was last year \$84,000.

Did any of that income come from wages?

Mr. MORETTI. I refuse to answer that question.

Senator WILEY. Did any of it come from stocks and bonds?

Mr. MORETTI. I refuse to answer that question.

The CHAIRMAN. Just a minute. I want to direct the witness to answer the two previous questions.

Mr. MORETTI. I refuse to answer, on advice of counsel, sir.

Senator WILEY. Did any of it come from rents from real estate?

Mr. MORETTI. I refuse to answer that question.

The CHAIRMAN. You will be directed to answer.

Mr. MORETTI. I refuse to answer on the grounds——

Senator WILEY. Is there any which comes from dividends?

Mr. MORETTI. I refuse to answer questions.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. I refuse to answer.

Senator WILEY. Did any of it come from any legitimate source?

Mr. MORETTI. I refuse to answer that question, sir, on advice of counsel.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. On advice of counsel I refuse to answer, sir.

Senator WILEY. Have you ever made any political contribution, directly or indirectly, to any political candidate for Federal, State or local office, or any office holder, Federal, State or local level?

Mr. MORETTI. I refuse to answer that on the grounds it may incriminate me, sir.

The CHAIRMAN. You will be directed to answer, sir.

Mr. MORETTI. On advice of counsel I refuse to answer.

Senator WILEY. Now, you spoke about, and the evidence seems to be pretty definite, that from house to house you moved, and so forth. Did you intentionally evade the service of subpoenas for some time?

Mr. MORETTI. No, sir.

Senator WILEY. Did you ever make any contribution or gift to any officer in the police department of any city or any sheriff or any other law-enforcement official or district attorney?

Mr. MORETTI. On advice of counsel I refuse to answer.

The CHAIRMAN. You are directed to answer.

Mr. MORETTI. On advice of counsel I refuse to answer.

Senator WILEY. Did you understand the question? I had asked you whether or not you had made any payment to any law-enforcement officers, policemen, sheriffs, or the district attorney, and now you say you refuse to answer that on the advice of counsel, is that right?

Mr. MORETTI. Sir, my counsel is here with me, and he is guiding me in these proceedings, and I have to be advised by him how I should answer, sir.

The CHAIRMAN. Well, you are directed to answer that question. It is very important to this inquiry.

Mr. MORETTI. Sir, my counsel advises me not to answer, and I have to abide by his decision not to answer the question.

Senator WILEY. I have no further questions.

The CHAIRMAN. Mr. Halley?

Mr. HALLEY. Do you know Michael Auriccio?

Mr. MORETTI. No.

Mr. HALLEY. Investigator for the district attorney's office? Do you know the district attorney, Mr. Winne?

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you ever made a political contribution?

Mr. MORETTI. I refuse to answer that on advice of counsel.

The CHAIRMAN. You are directed to answer the question.

Mr. MORETTI. On advice of counsel I have refused to answer it.

Mr. HALLEY. Did you make any political contributions in the year 1950, this year?

Mr. MORETTI. On advice from counsel I have to refuse to answer the question.

The CHAIRMAN. You are directed to answer that question.

Mr. MORETTI. On advice of counsel I have to refuse to answer—I have to refuse to answer, right.

The CHAIRMAN. Mr. Moretti, the three members of the committee have conferred, and it is our opinion that Mr. Moretti has refused to answer certain very pertinent questions in which he could not possibly have any real justification, so that we feel that we should advise you and your witness that we expect to recommend that he be cited for contempt.

Mr. SELSER. Are we detained, or is he detained?

The CHAIRMAN. Mr. Moretti will be detained under subpoena, subject to further call. We can either call you or get in touch with you or with Mr. Moretti when we want you for further questioning—when we want him for further questioning.

Mr. SELSER. We should be very glad to come when the committee calls us.

The CHAIRMAN. That will be all now, Mr. Moretti.

Mr. MORETTI. Thank you.

The CHAIRMAN. The committee will have a 5-minute recess. We will resume in 5 minutes.

(Short recess.)

The CHAIRMAN. The committee will come to order.

The chairman should have stated earlier that we are delighted to have Congressman Heller, of New York, sit with this committee, and we appreciate your interest in the work of this committee, Congressman.

Mr. Joseph Adonis, will you come around, please? Calling Mr. Adonis, please.

Mr. Adonis, are you represented by counsel, or are you here alone?

Mr. DOTO. I have counsel here in the case.

The CHAIRMAN. Where is your counsel?

Mr. DOTO. He is here some place.

The CHAIRMAN. Mr. Doto, do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DOTO. I do.

**TESTIMONY OF JOSEPH DOTO, ALSO KNOWN AS JOE ADONIS,
FORT LEE, N. J.**

The CHAIRMAN. All right, Mr. Halley, will you proceed.

Mr. HALLEY. Will you state your full name?

Mr. DOTO. Joseph Doto.

Mr. HALLEY. And are you known by any other name?

Mr. DOTO. Yes, sir.

Mr. HALLEY. What is that?

Mr. DOTO. Joe Adonis.

Mr. HALLEY. When did you first use the name Joe Adonis?

Mr. DOTO. I don't recall.

Mr. HALLEY. Many years, though; is that right?

Mr. DOTO. Yes.

Mr. HALLEY. That is the name you are generally known by?

Mr. DOTO. That is right.

Mr. HALLEY. And have you ever used any other names?

Mr. DOTO. Not that I recall.

Mr. HALLEY. Have you ever used the name Joe Aroso?

Mr. DOTO. Might have.

Mr. HALLEY. You did, in fact, use it, did you not?

Mr. DOTO. I don't recall.

Mr. HALLEY. Weren't you, in fact, arrested in Brooklyn under the name of James Aroso and also the name of Joseph Aroso in 1926?

Mr. DOTO. Possibly so.

Mr. HALLEY. In any event, you would not deny that you used that name, would you; is that right?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever used any other name?

Mr. DOTO. I don't know, sir.

Mr. HALLEY. Well, didn't you use the name Joseph De Mio?

Mr. DOTO. I don't recall.

Mr. HALLEY. Now, in 1931 weren't you convicted of a Prohibition Act violation?

Mr. DOTO. I believe I was.

Mr. HALLEY. And didn't you use in that case the name Joseph De Mio?

Mr. DOTO. Very possibly.

Mr. HALLEY. Well, don't you know?

Mr. DOTO. I don't recall; I have used so many names in those minor conflicts.

Mr. HALLEY. You mean in your conflicts with the law you have been accustomed to using aliases?

Mr. DOTO. That is right.

The CHAIRMAN. Spell De Mio.

Mr. HALLEY. Joseph D-e M-i-o is the name that the record shows; is that right?

Mr. DOTO. If you say so.

Mr. HALLEY. Would you say that on many occasions in conflicts with the law you have used other aliases; is that right?

Mr. DOTO. That is right.

Mr. HALLEY. On how many occasions were you convicted of a crime?

Mr. DOTO. On two occasions, sir, as I recall.

Mr. HALLEY. What were they?

Mr. DOTO. One for disorderly conduct.

Senator WILEY. One for what?

Mr. DOTO. Disorderly conduct, \$25 fine.

Mr. HALLEY. And that was in Brooklyn?

Mr. DOTO. Right.

Mr. HALLEY. That was back in 1926; is that right?

Mr. DOTO. In around there, sir.

Mr. HALLEY. 1927 is the correct date.

Mr. DOTO. Yes.

Mr. HALLEY. Then, you were convicted in 1931, were you not, for a prohibition violation, and fined \$500?

Mr. DOTO. That is right.

Mr. HALLEY. Now the record here shows one other conviction in 1931 for smuggling liquor. It probably was another count in the same offense, I am not sure. Do you think you can straighten that out for us?

Mr. DOTO. (Shaking his head negatively.)

Mr. HALLEY. Well, the record shows that in February of 1931 you were arrested, and then in March convicted for violation of the National Prohibition Act, and that in November of the same year you were convicted of a violation of the Tariff Act, and on the second occasion fined \$100.

Mr. DOTO. I don't remember that one.

Mr. HALLEY. They could probably both grow out of the same offense.

Mr. DOTO. Maybe; it is possible.

Mr. HALLEY. Were you in the bootlegging business before the repeal of prohibition?

Mr. DOTO. I decline to answer that question.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. On the ground that it may incriminate me, I decline to answer.

The CHAIRMAN. Well, you understand that you are directed to answer the question?

Mr. DOTO. Yes, sir.

The CHAIRMAN. Do you refuse the direction of the committee?

Mr. DOTO. Yes, sir.

Mr. HALLEY. You have been arrested on a great many occasions; is that right?

Mr. DOTO. Yes, sir.

Mr. HALLEY. The record here shows in 1926, as James Aroso for grand larceny. Would that be right?

Mr. DOTO. Dismissed; that is right.

Mr. HALLEY. And then in the same year as James Aroso for robbery. It appears to be another offense; it is another officer, another police officer.

The CHAIRMAN. Answer up, Mr. Doto; we cannot hear you. That is correct?

Mr. DOTO. Yes.

Mr. HALLEY. And both of them were discharged?

Mr. DOTO. Discharged.

Mr. HALLEY. Then, in the same year 1926 for grand larceny, that would appear to be the same offense, and discharged, as Joseph Aroso; then, in 1927 for disorderly-conduct offense, where you were fined \$25 as Joseph Adonis; is that right?

Mr. DOTO. That is right.

Mr. HALLEY. And then in 1931 two Federal offenses under the name of Joseph De Mio; is that right?

Mr. DOTO. That is right.

Mr. HALLEY. We have been over that.

In 1937 you were charged with assault and robbery; is that right?

Mr. DOTO. That is right.

Mr. HALLEY. And in 1940 with, what was that, kidnaping and extortion case; is that right?

Mr. DOTO. That is right.

Mr. HALLEY. And that was dismissed as against you?

Mr. DOTO. That is right.

Mr. HALLEY. Your codefendant, I think, was tried and acquitted; is that right?

Mr. DOTO. Right.

The CHAIRMAN. Who was the codefendant?

Mr. HALLEY. I have it here somewhere. We have it, and we will get to it in some detail later.

Now, Mr. Doto, what is your business?

Mr. DOTO. None at the present.

Mr. HALLEY. None at the present time? What was your last business?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer, Mr. Doto.

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. What was your last legitimate business?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Are you not still connected with the Automotive Conveying Co. of New Jersey?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Do you know what the Automotive Conveying Co. of New Jersey is?

Mr. DOTO. I decline to answer.

Mr. HALLEY. I refer to a company located at 280 Gorge Road, Cliffside Park, N. J., known as the Automotive Conveying Co. of New Jersey; have you ever heard of it?

Mr. DOTO. I decline to answer it.

The CHAIRMAN. Mr. Doto, the committee is trying to make an inquiry here, and we hate to start off your testimony with unbelievable lack of cooperation on your part. We all know that there is such a

company. It is listed, a well-known company, and a big company. Your connection with it is quite well known, and you persist in refusing to even answer whether you have heard of it or not.

Mr. DOTO. For reasons better known to me, I refuse to answer that.

The CHAIRMAN. Well, you are directed to answer the last question.

Mr. DOTO. I decline to answer the question on the ground it might tend to incriminate me.

Mr. HALLEY. Is not the business of that company the conveying of Ford automobiles from the Ford plant in Edgewater, N. J., to various places throughout the East?

Mr. DOTO. Are you finished?

Mr. HALLEY. That is the question.

Mr. DOTO. I decline to answer.

Mr. HALLEY. You decline to answer that?

The CHAIRMAN. Well, you are directed to answer, if you know.

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Could you explain to the committee how your connection with the Conveying Co. for the Ford Co. could incriminate you?

Mr. DOTO. Yes; if you want me to give you the reasons.

Mr. HALLEY. Would you, please?

Mr. DOTO. May I read them? I have several reasons.

Mr. HALLEY. Yes.

Mr. DOTO. I wish to state clearly why I feel that I should assert and rely upon my constitutional privileges to refuse to be a witness against myself.

I do this to explain the circumstances of my refusal to answer certain questions and to produce certain books and records.

At the present time criminal charges and investigations are proceeding against me in the State of New Jersey. Such charges have also been presented against me in the State of New York. The Federal Government is engaged in an extensive investigation of my tax returns, and of all income I have from any source.

It has been announced that my tax returns have been made available to this committee, and in turn this committee has, according to statements in the newspapers, published and disclosed numerous figures purporting to be my income. Statements have been repeatedly made by members and representatives of the Federal Government that I am a member of a Nation-wide crime syndicate.

A few months ago the Federal Government issued a statement that every United States attorney in the country had been alerted to compile information to be used against me. The newspapers have carried statements purporting to emanate from the committee that it is the purpose of the committee to get various people by bringing them before this committee and questioning them in such a way that they would either give evidence which could be used against them or subject themselves to prosecution for perjury or contempt.

Under these circumstances, I feel that my presence and testimony here are not sought for any assistance I can give this committee in formulating legislation, but for the purpose of obtaining from me

some statements which might be used against me in further prosecution.

For these reasons I respectfully claim the right not to aid the Government directly or indirectly in prosecuting me. That is my reasons.

Mr. HALLEY. Was that prepared by your counsel?

Mr. DOTO. By both.

Mr. HALLEY. What do you mean, by both?

Mr. DOTO. My counselor and I went over this carefully.

Mr. HALLEY. Your counsel is Mr. Corbin?

Mr. DOTO. That is right.

Mr. HALLEY. And that is the statement that was prepared by him with your collaboration; is that correct?

Mr. DOTO. Right.

The CHAIRMAN. Let the record show that Mr. Corbin is here present. If he wants to sit with his client, he has a perfect right to do. Where is Mr. Corbin practicing law, where is his office?

Mr. DOTO. 30 Broad Street, New York City.

The CHAIRMAN. 90 Broad Street?

Mr. DOTO. 30 Broad Street.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. Do you know Frank Costello?

Mr. DOTO. Yes.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Twenty-odd years, maybe.

Mr. HALLEY. Twenty-odd years?

Mr. DOTO. Yes.

Mr. HALLEY. Are you in any way related to him?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever been in a business with him?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that you were partners in the Piping Rock Casino at Saratoga Springs from 1941 to 1942?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground that it would or might tend to incriminate me.

Mr. HALLEY. Have you ever been in Saratoga Springs?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Have you ever been at the Piping Rock Casino?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Did you ever see gambling in progress at the Piping Rock Casino?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Did you ever see any people other than yourself gambling at Piping Rock Casino?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Were you in Saratoga Springs in 1941 and 1942?

Mr. DOTO. I believe I was; yes.

Mr. HALLEY. And that is the period during which you say you were in the Piping Rock Casino on some occasions?

Mr. DOTO. That is right.

Mr. HALLEY. On how many occasions were you in the Piping Rock Casino?

Mr. DOTO. I don't recall.

Mr. HALLEY. Would you say on many occasions?

Mr. DOTO. Yes; I would say on many occasions.

Mr. HALLEY. Do you know if the Arrowhead Inn is in Saratoga Springs?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Have you ever had any business connection or affiliation with the Arrowhead Inn?

Mr. DOTO. I decline to answer.

Mr. HALLEY. Is it not a fact—

The CHAIRMAN. Wait a minute. You are directed to answer that question.

Mr. DOTO. I decline to answer that question on the ground that it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that you, during the years 1947 and 1948, were affiliated with the Arrowhead Inn in Saratoga Springs?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. You have been at the Arrowhead Inn; is that right?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Do you know O. K. Coakley?

Mr. DOTO. The name doesn't mean nothing.

Mr. HALLEY. You do not know it?

Mr. DOTO. The name doesn't register. I might know the person.

Mr. HALLEY. Do you know a man named Lefty Clark?

Mr. DOTO. I may have known him.

Mr. HALLEY. How long have you known Lefty Clark?

Mr. DOTO. I would not know; I don't know him that well.

Mr. HALLEY. Well, you have been in business with him, have you not?

Mr. DOTO. I decline to answer that question.

The CHAIRMAN. What is the question?

Mr. HALLEY. Whether he ever was in business with Lefty Clark.

Mr. DOTO. I decline to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. You are directed to answer.

Let us first identify who he really is.

Mr. HALLEY. Lefty Clark comes from Detroit; is that not right?

Mr. DOTO. I wouldn't know where he comes from.

Mr. HALLEY. And you knew him in the Miami area?

Mr. DOTO. I have seen him around Miami; yes.

Mr. HALLEY. His name is William Bischoff, is it not?

Mr. DOTO. I wouldn't know that name.

Mr. HALLEY. You know him as Lefty Clark. Have you ever seen him at the Colonial Inn in Miami?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. Senator Wiley, you have some questions at this point you wish to put?

Senator WILEY. Do you know James J. Carroll, of St. Louis?

Mr. DOTO. No, sir.

Senator WILEY. Do you know William Molasky, or William Brown, of the Pioneers News Service of St. Louis?

Mr. DOTO. No, sir.

Senator WILEY. You are acquainted with them?

Mr. DOTO. No, sir.

Senator WILEY. Have you ever done any business with them?

Mr. DOTO. No, sir.

Senator WILEY. What was your income last year?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You will be directed to answer.

Mr. DOTO. I will decline to answer on the grounds that it might tend to incriminate me.

Senator WILEY. Whatever that income was, did any of it come from bookmaking, slot machines?

Mr. DOTO. Is the question finished?

Senator WILEY. Yes.

Mr. DOTO. I decline to answer.

Senator WILEY. Does any of it come from dope peddling?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Senator WILEY. Does any of it come from organized prostitution?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Senator WILEY. Does any of it come from the numbers racket?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Senator WILEY. Have you ever made a political contribution, directly or indirectly, to any political candidates for any Federal office or any office holder at Federal, State, or local level?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are directed to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. Mr. Doto, you are an intelligent man, apparently. The usual process is that a question is asked, and if the chairman,

speaking for the committee, thinks it is a proper question, and you refuse to answer it, then the chairman asks you to answer it, and then you refuse to answer it at the direction of the chairman. I think we can understand, you can understand—your counsel is present in the room—that if a question is asked, and you refuse to answer it, unless the chairman asks that the question be withdrawn, why, you can consider that you have been directed and ordered to answer the question, and that you refuse to do so; is that satisfactory?

Mr. DOTO. I did not get you at that, Senator.

Senator WILEY. Would it not be better, Mr. Chairman, for his counsel to come to the table and advise him?

The CHAIRMAN. We do not want his counsel to come unless his counsel wants to. He was invited to come and sit with his client.

Mr. PAUL CORBIN. I have no objection to coming up, but I think he is well able to take care of himself.

The CHAIRMAN. Well, we do not want to order the counsel as to what he may do, and this is apparently their arrangement. If counsel wants to sit in the back of the room and the witness here, that is all right with the committee. We have no authority to tell you what to do, sir.

Very well, let us proceed in the usual fashion.

Senator WILEY. All right, I was talking about—do you want to tell us whether in your income return you showed any legitimate income from stocks?

Mr. DOTO. I decline to answer that.

The CHAIRMAN. You are ordered to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Senator WILEY. Did you have any income from wages?

Mr. DOTO. I decline to answer.

The CHAIRMAN. You are ordered to answer.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Senator WILEY. Or any income from bonds, rent, dividends?

Mr. DOTO. I decline to answer.

Senator WILEY. You decline—

The CHAIRMAN. As this point, let me say, that when a Senator or counsel asks you a question, and you say you decline to answer, if the chairman thinks it is a proper question, you will be ordered to answer, and then you refuse, well, you understand, and is it agreeable with you, that when a question is asked you, and you refuse to answer, then you will consider that the chairman of the committee has ordered or directed you to answer, and then you still refuse to answer, without having to go through all of the ceremony all the time?

Mr. DOTO. That is right.

The CHAIRMAN. Do you understand that?

Mr. DOTO. Yes, sir.

The CHAIRMAN. Is that agreeable with you?

Mr. DOTO. Yes, sir.

Senator WILEY. How old are you, Mr. Adonis?

Mr. DOTO. Forty-nine.

Senator WILEY. Are you married?

Mr. DOTO. Yes, sir.

Senator WILEY. Do you have a family?

Mr. DOTO. Four children.

Senator WILEY. What?

Mr. DOTO. Four children.

Senator WILEY. Four children. Where do you claim your home is?

Mr. DOTO. Palisades, N. J.

Senator WILEY. And were you born in this country?

Mr. DOTO. Passaic, N. J.

Senator WILEY. What education have you had?

Mr. DOTO. Grammar-school education.

Senator WILEY. Did you ever make a contribution or a gift to any officer of a police department up there or any place else?

Mr. DOTO. I decline to answer.

Senator WILEY. What?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Senator WILEY. Did you ever make any gift or render any service or favor to any police or sheriff officer or law-enforcement official up there?

Mr. DOTO. I decline to answer for the same reason.

Senator WILEY. Did you ever make any such gift or payment or contribution to the district attorney of any county in that territory?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Senator WILEY. This income that you returned to the Federal Government, did any of it come from extortion?

Mr. DOTO. I decline to answer on the grounds that it might tend to incriminate me.

Senator WILEY. Do you keep books?

Mr. DOTO. I decline to answer.

Senator WILEY. Have you got any books showing your income?

Mr. DOTO. I decline to answer on the grounds that it might tend to incriminate me.

Senator WILEY. If you have any books, where are they located?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. You understand, Mr. Doto, that the chairman is ordering you to answer all of these questions?

Mr. DOTO. Yes, sir.

The CHAIRMAN. Because I think they are proper questions.

Mr. DOTO. Yes.

Senator WILEY. I think you said you knew Frank Costello; is that right?

Mr. DOTO. Right.

Senator WILEY. And you knew Frank Erickson?

Mr. DOTO. Yes.

Senator WILEY. Have you been in business with either of them?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Senator WILEY. Do you know Longy Zwillman?

Mr. DOTO. Yes, sir.

Senator WILEY. Have you been in business with him?

Mr. DOTO. I decline to answer.

Senator WILEY. Do you know Jimmy Lynch?

Mr. DOTO. Yes, sir.

Senator WILEY. Have you been in business with him?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Senator WILEY. Do you mean by that that the business that you were engaged in would be illegal under Federal law?

Mr. DOTO. I decline to answer.

Senator WILEY. You mean it would be illegal under State law?

Mr. DOTO. I decline to answer.

Senator WILEY. Are your books still intact?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Senator WILEY. Have you got custody of your books?

Mr. DOTO. I decline to answer on the same grounds.

Senator WILEY. Have you caused them to be lost or destroyed?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Senator WILEY. That is all so far as I am concerned.

The CHAIRMAN. Senator Tobey, do you have any questions?

Senator TOBEY. Not at this time.

The CHAIRMAN. Proceed, Mr. Halley.

Senator Wiley has just had to leave to go to the floor of the Senate, and the chairman, under authority of the resolution, designates Senator Tobey and the chairman as a committee of two to proceed with the examination, and with the chairman having the right to swear the witnesses and to take sworn testimony.

Proceed, Mr. Halley.

Mr. HALLEY. Have you had any connection with the Manhattan Cigarette Co.?

Mr. DOTO. I decline to answer.

Mr. HALLEY. Have you ever heard of the Manhattan Cigarette Co.?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Do you know Michael Lascare?

Mr. DOTO. Yes.

Mr. HALLEY. How long have you know Michael Lascare?

Mr. DOTO. Many years.

Mr. HALLEY. Have you ever had any business relationships with Michael Lascare?

Mr. DOTO. I decline to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. You understand with respect to each of these questions, that by permitting them to stand on the record, the chairman is understood to be ordering you to answer?

Mr. DOTO. Yes.

Mr. HALLEY. Do you know George Uffner?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Do you know Phil Kastel?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Have you known them both for many years?

Mr. DOTO. Yes, sir.

Mr. HALLEY. During the years 1920 to 1930, did you know both Uffner and Kastel?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you know Costello during those years?

Mr. DOTO. I don't know whether it goes back that far.

Mr. HALLEY. Well, in and around 1930, did you know Frank Costello?

Mr. DOTO. Maybe.

Mr. HALLEY. And in and about that time you knew George Uffner?

Mr. DOTO. No.

Mr. HALLEY. Did you know Phil Kastel that far back? I am referring now to 1930?

Mr. DOTO. I don't believe I did know him that far back.

Mr. HALLEY. Did you know Frank Erickson?

Mr. DOTO. Yes, sir.

Mr. HALLEY. In 1930?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you know him in 1932?

Mr. DOTO. I wouldn't recall whether I did in and around there.

Mr. HALLEY. Were you ever in any business with Frank Erickson?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Were you ever in any sweepstakes business with Frank Erickson?

Mr. DOTO. I decline to answer.

Mr. HALLEY. Have you ever been in Chicago?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Do you know Louis Greenberg?

Mr. DOTO. The name doesn't register with me; I don't know whether I do or not.

Mr. HALLEY. Do you know Al Greenberg?

Mr. DOTO. I don't know whether I do or not.

Mr. HALLEY. Have you ever heard of the Manhattan Brewery?

Mr. DOTO. It doesn't mean anything to me.

Mr. HALLEY. Have you ever been connected with any brewery?

Mr. DOTO. No, sir.

Mr. HALLEY. At no time?

Mr. DOTO (shaking his head negatively).

Mr. HALLEY. Have you ever been connected with any labor union?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever had any financial dealings with any labor union?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever been connected with any trade association?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever had any financial dealing with any trade association?

Mr. DOTO. Referring to what? Just explain what a trade association means.

Mr. HALLEY. Well, I am referring to anything which is known or was known to you as a trade association, a group of people in a business, to form an association; they are generally known as trade associations.

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever heard of the Illinois Trade Association?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever had any business dealings with the Illinois Trade Association?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever heard of the Kings County Buick Co.?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Have you ever had any business dealings with them?

Mr. DOTO. I decline to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know Ralph Conte?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Many years.

Mr. HALLEY. Have you ever had any business relationships with Ralph Conte?

Mr. DOTO. I decline to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that during the postwar years you and Ralph Conte made arrangements for a great many people to receive automobiles from the Kings County Buick Co.?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you ever recommend to the Kings County Buick Co. that any individual be given the opportunity to purchase a Buick automobile?

Mr. DOTO. I decline to answer on the grounds——

Mr. HALLEY. Did you ever recommend a customer to the Kings County Buick Co.?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Lucky Luciano?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Charlie "Lucky" Luciano?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Twenty-odd years, I would say.

Mr. HALLEY. When did you last talk to him?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you had a telephone conversation with Charlie "Lucky" Luciano within the last 2 years?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you talked to him within the last 2 years?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you ever see Charlie "Lucky" Luciano in Habana, Cuba?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever see him in Italy?

Mr. DOTO. No, sir.

Mr. HALLEY. When you saw him in Habana, Cuba, what did you talk about?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you had any business dealings with Luciano?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. How long have you known Jack Lansky? You know him, of course?

Mr. DOTO. Yes, sir; many years.

Mr. HALLEY. Many years and Meyer Lansky?

Mr. DOTO. Many years.

Mr. HALLEY. Have you been associated with them in businesses?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. How long have you known Willie Moretti?

Mr. DOTO. Many years.

Mr. HALLEY. And Salvatore Moretti?

Mr. DOTO. Many years.

Mr. HALLEY. James Rutkin?

Mr. DOTO. Many years.

Mr. HALLEY. Gerald Catena?

Mr. DOTO. Many years.

Mr. HALLEY. Have you had business relationships with any of them?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Do you know Arthur Gruening?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Have you had business relationships with him?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. You know Salvatore Moretti? He just testified, and you have known him for many years?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Have you had any business relationships with him?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Do you know Arthur Longano?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Ten years about.

Mr. HALLEY. Going back to Luciano, have you ever sent him any sums of money?

Mr. DOTO. No, sir.

Mr. HALLEY. At no time?

Mr. DOTO. At no time.

Mr. HALLEY. Directly or indirectly?

Mr. DOTO. Right.

Mr. HALLEY. Have you had any correspondence with him in the last 3 years?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you written to him?

Mr. DOTO. No, sir.

Mr. HALLEY. Has he written to you?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you sent him messages directly or indirectly through other people?

Mr. DOTO. No, sir.

Mr. HALLEY. Has he sent them to you?

Mr. DOTO. No, sir.

Mr. HALLEY. Now, going on, do you know Abner Zwillman?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Twenty years or better.

Mr. HALLEY. Is he connected with this Manhattan Cigarette Co. now?

Mr. DOTO. I would not know, sir.

Mr. HALLEY. Have you ever been in any business venture with Abner Zwillman?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Do you know Jack Dragna?

Mr. DOTO. I don't know as I do or not.

Mr. HALLEY. Did you know Bugsy Siegel?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long did you know him?

Mr. DOTO. Twenty years or so.

Mr. HALLEY. Did you ever have any business relationship with him?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. What was his business?

Mr. DOTO. How would I know?

Mr. HALLEY. I am sorry; I did not hear you.

Mr. DOTO. I don't know.

Mr. HALLEY. He was a gambler, was he not?

Mr. DOTO. I don't know.

Mr. HALLEY. Do you know Mickey Cohen?

Mr. DOTO. Who?

Mr. HALLEY. Mickey Cohen.

Mr. DOTO. No, sir.

Mr. HALLEY. Do you know Joe Sica?

Mr. DOTO. I don't know whether I do or not. The name doesn't mean anything.

Mr. HALLEY. He lives in California.

Do you know Charley Atratta?

Mr. DOTO. I don't know whether I do or not.

Mr. HALLEY. Do you know Charles Fischetti?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Well, we came from Brooklyn together; 35, 40 years.

Mr. HALLEY. Did you grow up together?

Mr. DOTO. No, sir.

Mr. HALLEY. But you knew him 35 or 40 years ago?

Mr. DOTO. I knew him as a boy around there.

Mr. HALLEY. Did you know his brothers, too?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Rocco?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Did you know Little Augie Pisano?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Oh, a long time.

Mr. HALLEY. Did you know Virginia Hill?

Mr. DOTO. I decline to answer.

Mr. HALLEY. Did you ever hear of the Mafia?

Mr. DOTO. I have heard of it.

Mr. HALLEY. I am sorry; I did not hear you.

Mr. DOTO. I have heard of it.

Mr. HALLEY. Can you tell the committee what it is?

Mr. DOTO. I would not have any idea.

Mr. HALLEY. In what connections have you heard of it?

Mr. DOTO. By reading it in the newspapers.

Mr. HALLEY. Did you ever have any connection with the Mafia yourself?

Mr. DOTO. I don't know what it is.

Mr. HALLEY. Have you read in the newspapers that it is a secret organization?

Mr. DOTO. Yes, sir.

Mr. HALLEY. And have you ever known any persons whom you believed to be members of such a secret organization?

Mr. DOTO. No, sir.

Mr. HALLEY. Are you a member of any secret organization?

Mr. DOTO. No, sir.

Mr. HALLEY. Were you ever a member of any secret organization?

Mr. DOTO. No, sir.

Mr. HALLEY. Do you believe that such a thing as the Mafia exists?

Mr. DOTO. I am not a judge of that—I am no judge of that; I wouldn't—I don't qualify to answer that question.

Mr. HALLEY. Well, witnesses before this committee have testified, if you don't mind my making a statement——

Mr. DOTO. Go ahead.

Mr. HALLEY (continuing). By way of explanation that in their homes, in various neighborhoods where people of Sicilian descent live, they have heard people talk of the Mafia as an old Sicilian organization. Have you never heard of it?

Mr. DOTO. I am not a Sicilian, so it would not be spoken in my home.

Mr. HALLEY. Have you known people of Sicilian descent?

Mr. DOTO. I have known a lot of Sicilians.

Mr. HALLEY. And have you never heard of the Mafia?

Mr. DOTO. No, sir; outside of what I read in the newspapers in recent years.

Mr. HALLEY. Is it your opinion it is entirely fictitious?

Mr. DOTO. That is right.

Mr. HALLEY. You do not believe there is any such thing?

Mr. DOTO. I do not believe so; that is my humble opinion.

Mr. HALLEY. You have never heard of it from any person whom you have known, as a friend or an associate?

Mr. DOTO. No, sir.

Mr. HALLEY. Would those same answers apply to the Unione Siciliano?

Mr. DOTO. Yes, sir.

Mr. HALLEY. You have never heard of such an organization either?

Mr. DOTO. Just from reading of it.

Mr. HALLEY. Even as a fraternal organization?

Mr. DOTO. Well, at times it has been referred to as a fraternal organization.

Mr. HALLEY. Well, there is such an organization; is there not?

Mr. DOTO. From the newspapers; I am only quoting from the press.

Mr. HALLEY. Haven't you ever heard of such a fraternal organization in Brooklyn?

Mr. DOTO. No, sir.

Mr. HALLEY. Unione Siciliano?

Mr. DOTO. No, sir.

Mr. HALLEY. You never belonged to it?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you ever know anybody who did belong to the Unione Siciliano in Brooklyn?

Mr. DOTO. No, sir.

Mr. HALLEY. Do you know Joseph Profaci?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Many years.

Mr. HALLEY. How did you first meet him?

Mr. DOTO. I wouldn't recall it.

Mr. HALLEY. How long have you known him? What do you mean by many years?

Mr. DOTO. Maybe 15, 20 years.

Mr. HALLEY. What has been the nature of your relationships?

Mr. DOTO. We have nothing in common; just a slight introduction, casual acquaintance.

Mr. HALLEY. How many times would you say you have seen him in the last 15 years?

Mr. DOTO. I couldn't recall.

Mr. HALLEY. More than once?

Mr. DOTO. Oh, yes.

Mr. HALLEY. And did you see him at least once a year at least that long?

Mr. DOTO. Maybe that.

Mr. HALLEY. Do you see him more than once a year?

Mr. DOTO. I would not say so.

Mr. HALLEY. You would not say so?

Mr. DOTO. No.

Mr. HALLEY. When did you last see him?

Mr. DOTO. I don't recall.

Mr. HALLEY. Did you see him in the year 1950?

Mr. DOTO. I believe I did.

Mr. HALLEY. Where?

Mr. DOTO. I wouldn't know.

Mr. HALLEY. Search your memory a little bit.

Mr. DOTO. Well, we have nothing in common with this gentleman you speak of, so I don't know where I met him, and how. We have nothing whatsoever in common.

Mr. HALLEY. What do you talk about when you see him?

Mr. DOTO. Greetings of the day.

Mr. HALLEY. Have you ever been alone with him?

Mr. DOTO. No, sir.

Mr. HALLEY. You have been with other people?

Mr. DOTO. People around.

Mr. HALLEY. Who were some of the people?

Mr. DOTO. I don't recall who they have been at present.

Mr. HALLEY. Well, the last once or twice you met him, who were some of the people?

Mr. DOTO. I can't recall them.

Mr. HALLEY. You cannot recall anybody who was with you?

Mr. DOTO. No, sir.

Mr. HALLEY. And you cannot recall anything that you ever said to him?

Mr. DOTO. No, sir.

Mr. HALLEY. Were you ever in his home?

Mr. DOTO. No, sir.

Mr. HALLEY. Was he ever in your home?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you ever meet him in the home of Willie Moretti?

Mr. DOTO. No, sir.

Mr. HALLEY. Were you at the wedding of Mr. Moretti's daughter?

Mr. DOTO. Yes, sir.

Mr. HALLEY. You were?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Was Mr. Profaci there?

Mr. DOTO. I wouldn't know; there was a lot of people there.

Mr. HALLEY. Was Frank Costello?

Mr. DOTO. I wouldn't know; I believe he was; yes.

Mr. HALLEY. Do you know Vito Genovese?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Fifteen or twenty years; fifteen or twenty years.

Mr. HALLEY. Have you had any business relationships with him?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you had any business relationships with Profaci?

Mr. DOTO. No, sir.

Mr. HALLEY. Do you know Max Stark?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Ten years or better.

Mr. HALLEY. Have you had business relationships with him?

Mr. DOTO. I decline on the grounds that it might tend to incriminate me.

Mr. HALLEY. Did you ever give him any checks to cash?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Did you know Joe Massei?

Mr. DOTO. Who?

Mr. HALLEY. Joe Massei?

Mr. DOTO. The name doesn't mean anything to me.

Mr. HALLEY. Did you know a man named Mazzeroni?

Mr. DOTO. Not that I know of.

Mr. HALLEY. Do you know a man by the name of Howard M. Stack?

Mr. DOTO. Yes, slightly.

Mr. HALLEY. Who is he?

Mr. DOTO. He is just a man as far as I am concerned.

Mr. HALLEY. Just a man? Well, what is the nature of your acquaintance with him?

Mr. DOTO. Just slightly.

Mr. HALLEY. How did you meet him?

Mr. DOTO. Mere introduction.

Mr. HALLEY. Who introduced you?

Mr. DOTO. I don't recall at the present time.

Mr. HALLEY. When did you meet him?

Mr. DOTO. Several years ago.

Mr. HALLEY. Did you meet him as far back as 1945?

Mr. DOTO. Maybe before then.

Mr. HALLEY. Did you know him in 1946?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever owned any race horses?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you ever own any through any nominee or indirectly?

Mr. DOTO. What do you mean nominee?

Mr. HALLEY. Did you ever ask anybody else to buy race horses for you?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever ask Howard M. Stack to purchase race horses for you?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Isn't it a fact that Stack bought 13 race horses from Willie Moretti in 1946? Do you know that?

Mr. DOTO. I wouldn't know, sir.

Mr. HALLEY. Didn't he buy those horses for you?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Do you know Vincent Aiello?

Mr. DOTO. Who?

Mr. HALLEY. Vincent Aiello.

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Twenty years or so.

Mr. HALLEY. What is his business?

Mr. DOTO. I wouldn't know.

MR. HALLEY. Have you ever had any business dealings with him?

MR. DOTO. I decline to answer on the ground it might tend to incriminate me.

MR. HALLEY. Now, do you know Paul Bonadio?

MR. DOTO. Yes, sir.

MR. HALLEY. And is he not the vice president and treasurer of this Automotive Conveying Co. of New Jersey?

MR. DOTO. I decline to answer on the ground it might tend to incriminate me.

MR. HALLEY. How long have you known Paul Bonadio?

MR. DOTO. Twenty-five or thirty years.

MR. HALLEY. Have you had any business dealings with him?

MR. DOTO. I decline to answer on the ground it might tend to incriminate me.

MR. HALLEY. Do you know Charles Chirri?

MR. DOTO. Yes, sir.

MR. HALLEY. How long have you known him?

MR. DOTO. Yes, sir—20 years or better.

MR. HALLEY. Has he ever worked for you?

MR. DOTO. I decline to answer on the ground it might tend to incriminate me.

MR. HALLEY. Have you ever had any business dealings with him?

MR. DOTO. I decline to answer on the ground it might tend to incriminate me.

MR. HALLEY. Is he not an officer of the Automotive Conveying Co. of New Jersey?

MR. DOTO. I decline to answer on the ground it might tend to incriminate me.

MR. HALLEY. Have you not recently suggested to the Ford Motor Co. that you would be willing to sell your stock in the Automotive Conveying Co. of New Jersey?

MR. DOTO. I decline to answer on the ground it might tend to incriminate me.

MR. HALLEY. At this point, Mr. Chairman, I desire to put into the record a letter from the Ford Motor Co. signed by John Bugas, vice president in charge of industrial relations.

THE CHAIRMAN. That will be made a part of the record.

MR. HALLEY. Dated December 11, and addressed to you.

THE CHAIRMAN. It will be so made a part of the record.

(The letter referred to is identified as exhibit No. 7, and reads as follows:)

FORD MOTOR CO.,

Dearborn, Mich., December 11, 1950.

HON. ESTES KEFAUVER,

Senate Office Building, Washington, D. C.

DEAR SENATOR KEFAUVER: Referring to our conversation of Friday, I respectfully submit for the consideration of your committee the following information:

For some time it has been a matter of considerable concern to us that Joseph Doto, alias Joe Adonis, is one of the principal stockholders of Automotive Conveying Co. of New Jersey, Inc. This is the trucking company which transports built-up automobiles out of our Edgewater, N. J., plant.

Automotive Conveying Co. has hauled automobiles from Edgewater for at least 15 years. The Ford Motor Co. representatives responsible for the original arrangement are not now employed by our company. Automotive Conveying Co. is certificated as a common carrier by the Interstate Commerce Commission,

and is the only motor carrier authorized to convey automobiles into the areas in which our Edgewater vehicles are delivered. It is not feasible to transport our cars by rail in these areas. Therefore, we have no alternative but to do business with Automotive Conveying Co.

We have been discussing with another carrier the possibility of its applying to the Interstate Commerce Commission for authority to convey automobiles in the Edgewater area. We would, of course, support such an application. Our counsel has discussed this proposal with legal representatives of the Interstate Commerce Commission. We are informed, however, that it is not at all certain that the Commission could act favorably upon the application. Under the applicable statutes, rules, and regulations, the Commission must act on the basis of "fitness to provide service" and is not authorized to base its action on the character or reputation of a stockholder of a presently certificated carrier.

There is also the possibility that another carrier might be induced to purchase Automotive Conveying Co. This is under discussion. In this connection, it appears to have come to the attention of the stockholders of Automotive Conveying Co. that we were concerned about the situation. Recently, we were approached by one of the stockholders who stated, apparently with the authority of Mr. Doto, that Mr. Doto would be willing to sell his stock to the other stockholders, and asked whether this would be satisfactory to Ford Motor Co. For obvious reasons, we refused to commit ourselves on this proposal.

For your information, we have discussed this entire problem with officials of the State of New Jersey. We have assured them of our desire to terminate as soon as possible any connection between Ford Motor Co. and Mr. Adonis.

Very truly yours,

JOHN S. BUGAS,
Vice President, Industrial Relations.

Mr. HALLEY. I would like to read the following paragraph :

For some time it has been a matter of considerable concern to us that Joseph Doto, alias Joe Adonis, is one of the principal stockholders of Automotive Conveying Co. of New Jersey, Inc. This is the trucking company which transports built-up automobiles out of our Edgewater, N. J., plant.

Mr. Doto, how do you feel that your connection with the Automotive Conveying Co. can incriminate you?

Mr. DOTO. Well, I gave a reason before in such a statement and I don't care to elaborate on it. Any source of income might incriminate me.

Mr. HALLEY. That is a legitimate business, is it not?

Mr. DOTO. I believe it is.

Mr. HALLEY. And has it ever been charged that your connection with it is to use strong-arm methods in connection with the delivery of automobiles?

Mr. DOTO. I didn't answer the question; I declined to answer my connection with it.

Mr. HALLEY. You do not want to talk about it at all?

Mr. DOTO. That is right.

Mr. HALLEY. Do you know whether or not any of the competing automobile trucking companies in New Jersey would care to bid against you for that business?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Is Bonadio related to you?

Mr. DOTO. No, sir.

Mr. HALLEY. Paul Bandoni—I am sorry, that is Bonadio.

Mr. DOTO. Yes, sir.

Mr. HALLEY. He is not related to you?

Mr. DOTO. No, sir.

Mr. HALLEY. There is another letter here from the Ford Motor Co., dated October 20, 1950, addressed to the chief investigator, Mr. H. G. Robinson, which I would offer likewise.

The CHAIRMAN. It will be made a part of the record, following Mr. Doto's testimony.

Mr. HALLEY. And a letter from Automotive Conveying Co. of New Jersey, signed by Paul Banadio, vice president and treasurer.

The CHAIRMAN. It will be made a part of the record.

Mr. HALLEY. Did you know Harry Bennett of the Ford Motor Co.?

Mr. DOTO. No, sir.

Mr. HALLEY. Never met him?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you ever hear—I believe you testified that you had heard of the Colonial Inn in Miami Beach; is that right?

Mr. DOTO. What is that?

Mr. HALLEY. Colonial Beach Inn in Miami Beach—that you have heard of it?

Mr. DOTO. Yes, sir.

Mr. HALLEY. And you state that you have been in those premises of the Colonial Inn?

Mr. DOTO. Yes, sir.

Mr. HALLEY. And while there, did you ever see Jack Lansky?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. While there did you ever see George Sablo?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Or Meyer Lansky?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Or Frank Erickson?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Or Bert Riggs?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Or Claude Littoral?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Or Vincent Aiello?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Or S. L. Bratt, Sammy Bratt?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Or Richard Melvin?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that they were all partners in the Colonial Inn?

Mr. DOTO. I decline to answer on the ground——

Mr. HALLEY. Including yourself?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that you had a 15-percent interest in the Colonial Inn?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Were you ever in the Club Boheme?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Or the Green Acres Club?

Mr. DOTO. Yes, sir.

Mr. HALLEY. And did you ever see Lefty Clark whom we were talking about before there?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Did you ever see Lefty Clark at the Arrowhead Inn at Saratoga?

Mr. DOTO. I don't recall.

Mr. HALLEY. Is it not a fact that you and Lefty Clark were partners in the Arrowhead Inn?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that you and Meyer Lansky were partners at the Arrowhead Inn?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Were you a partner at the Green Acres Club?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Were you a partner at the Club Boheme?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever hear of the New York crap game located at the Club Boheme?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Isn't it a fact that was a big crap game that Lefty Clark ran?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. You originally lived in Brooklyn, is that right?

Mr. DOTO. Yes, sir.

Mr. HALLEY. And when did you move to New Jersey?

Mr. DOTO. When? I believe it was 1944.

Mr. HALLEY. 1941?

Mr. DOTO. 1944.

Mr. HALLEY. 1944.

Up to that time you were continuously a resident of Brooklyn?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Were you known as the rackets boss of Brooklyn?

Mr. DOTO. I decline to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. You read about that in the papers, though, did you not?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Was it true?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever been connected with any bookmaking activities in Brooklyn?

Mr. DOTO. I decline to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. How do you earn your living, Mr. Adonis?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Have you any legitimate business?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever been engaged in a legitimate business?

Mr. DOTO. I decline to answer for the same reason.

Mr. HALLEY. Have you ever been in the narcotics business?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever been connected with it?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever financed anybody who was in the narcotics business?

Mr. DOTO. No, sir.

Mr. HALLEY. Why did you move to Jersey?

Mr. DOTO. I like the climate there better. [Laughter.]

Mr. HALLEY. Was it cooler than Brooklyn?

Mr. DOTO. That was about 300 feet above sea level.

Mr. HALLEY. Not quite as hot as in Brooklyn, is that the point you are making?

Mr. DOTO. That is right.

Senator TOBEY. Well a tree grows there. [Laughter.]

Mr. HALLEY. The authorities were making it rather uncomfortable for you to operate in Brooklyn, is that right?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. After living in Brooklyn though all your life up to 1944 you shifted your activities over to New Jersey.

Mr. DOTO. I moved to New Jersey.

Mr. HALLEY. Did you conduct any business in New Jersey?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever have any business in Habana?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Were you ever in a gambling business at the Jockey Club in Habana?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. When you moved to New Jersey, you purchased a house?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Had you owned the house in Brooklyn?

Mr. DOTO. Yes, sir.

Mr. HALLEY. You sold the Brooklyn house?

Mr. DOTO. Sold the Brooklyn house and bought the Jersey house.

Mr. HALLEY. Who handled the transaction in New Jersey, your lawyer?

Mr. DOTO. A fellow by the name of Morini.

Mr. HALLEY. He was the mayor of Cliffside, N. J.?

Mr. DOTO. I do not know who he was; he was just a lawyer recommended by the real-estate agent.

Mr. HALLEY. And turned out to be the mayor?

Mr. DOTO. Unfortunately it did.

Mr. HALLEY. Unfortunately? Why do you say "unfortunately"?

Mr. DOTO. Well, he is not the mayor any more. [Laughter.]

Mr. HALLEY. You mean he was at that time, is that right?

Mr. DOTO. I didn't know it at that time.

Mr. HALLEY. How long did he continue being the mayor?

Mr. DOTO. I wouldn't know; a few years later.

Mr. HALLEY. A few years.

Now, during those years you operated the various gambling establishments we have been talking about, is that not correct?

Mr. DOTO. What is that?

Mr. HALLEY. I say that was the same years during which you operated the various gambling establishments which we have been talking about, is it not?

Mr. DOTO. I decline to answer on the ground it might incriminate me.

Mr. HALLEY. Let us be specific. Did you ever hear of the G. & R. Trading Co.?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever hear of the L. & C. Amusement Co.?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever hear of the B. & T. Trading Co.?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever hear of the Pal Trading Co.?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Did you ever hear of the L. & L. Trading Co.?

Mr. DOTO. I decline to answer on the ground it might incriminate me.

The CHAIRMAN. Well, Mr. Doto, when you decline to answer, we will assume that it is on the ground it might tend to incriminate you unless you specify some other ground.

Mr. DOTO. Yes, sir.

Mr. HALLEY. Did you ever hear of the Plantation Club in Hallandale, Fla.?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Did you ever have an interest in that business?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Were you ever in business there with Vincent Aiello, alias Jimmy Blue Eyes?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that during the years 1944 to 1950 you had interests in various gambling houses in the State of New Jersey and the State of New York and in the State of Florida?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Have you ever had any investments in Las Vegas, Nev.?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Were you ever in Hot Springs?

Mr. DOTO. Yes.

Mr. HALLEY. When were you last there?

Mr. DOTO. Last spring some time.

Mr. HALLEY. This year, you mean?

Mr. DOTO. This year, 1950.

Mr. HALLEY. And you go there pretty much every year?

Mr. DOTO. No, sir.

Mr. HALLEY. When were you there last before that?

Mr. DOTO. Maybe 3, 4 years before that.

Mr. HALLEY. Do you go there for business purposes?

Mr. DOTO. No, sir.

Mr. HALLEY. Purely for recreation, rest?

Mr. DOTO. Baths, health.

Mr. HALLEY. Have you ever attended a business meeting at Hot Springs?

Mr. DOTO. No, sir.

Mr. HALLEY. You were not in Hot Springs in 1935?

Mr. DOTO. I would not recall that far back.

Mr. HALLEY. Were you ever there with Lucky Luciano?

Mr. DOTO. I wouldn't recall whether I was or not, or been there at the same time; I couldn't recall it.

Mr. HALLEY. Could you recall whether you ever attended a meeting in Hot Springs with Lucky Luciano in 1935?

Mr. DOTO. No, sir; not that I can recall; I never go to meetings of that nature.

Mr. HALLEY. You never go to meetings? Do you recall whether Lucky Luciano called a meeting in 1935 with gamblers from all over the country, and racketeers?

Mr. DOTO. I wouldn't know, sir.

Mr. HALLEY. Weren't you there?

Mr. DOTO. No, sir.

Mr. HALLEY. You are sure of that?

Mr. DOTO. Positive, now that I am thinking about it. I was not there in 1935.

Mr. HALLEY. Can you think of whether there was such a meeting at any time in 1935, perhaps about a year or so earlier or later?

Mr. DOTO. No, sir.

Mr. HALLEY. You think there was no such meeting?

Mr. DOTO. That is my thought.

Mr. HALLEY. You are sure of that?

Mr. DOTO. That is my thought; it is my opinion. There might have been.

Mr. HALLEY. Isn't it a fact that Luciano called a meeting that was held at Hot Springs, in which the point was made by Luciano that there was too much disorganization in the various rackets, and they had to be assigned to various people in order to avoid further confusion and warfare among the different gangs?

Mr. DOTO. I wouldn't know, sir.

Mr. HALLEY. Have you ever heard of such a meeting?

Mr. DOTO. No, sir.

Mr. HALLEY. Nobody ever mentioned it to you?

Mr. DOTO. No, sir.

Mr. HALLEY. And you are quite sure you weren't there?

Mr. DOTO. Positive.

Mr. HALLEY. Did you ever attend such a meeting at any other place, other than Hot Springs?

Mr. DOTO. No, sir.

Mr. HALLEY. Or hear of such a meeting?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever heard of a division of territories among the various racketeers and gangsters?

Mr. DOTO. No, sir.

Mr. HALLEY. You have never heard that?

Mr. DOTO. No, sir.

Mr. HALLEY. Well, how does it function, if you know; how do certain bookmakers function in certain areas without a molestation from other—

Mr. DOTO. I would not know, sir; I am not an authority on that.

Mr. HALLEY. You would not know that?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you ever been in the bookmaking business?

Mr. DOTO. I decline to answer on the ground it might incriminate me.

Mr. HALLEY. Have you ever been in the numbers or policy business?

Mr. DOTO. I decline to answer on the ground it might incriminate me.

Mr. HALLEY. And you also decline to say whether you have been in a legitimate business; is that right?

Mr. DOTO. Yes, sir.

Mr. HALLEY. For the same reason?

Mr. DOTO. For the same reasons.

Mr. HALLEY. Do you know Artie Samish?

Mr. DOTO. Yes, I do.

Mr. HALLEY. Was he in Hot Springs at the same time you were there this year?

Mr. DOTO. Yes, sir.

Mr. HALLEY. He occupied the room directly above yours; is that not right?

Mr. DOTO. I wouldn't know; I never went to his room.

Mr. HALLEY. Well, you saw him there, did you not?

Mr. DOTO. I saw him in Hot Springs.

Mr. HALLEY. Did you have any conferences with him?

Mr. DOTO. No, sir.

Mr. HALLEY. How long were you there?

Mr. DOTO. About 3 weeks.

Mr. HALLEY. And how long was he there?

Mr. DOTO. I wouldn't know whether he came before or after I did.

Mr. HALLEY. Did you have dinner with him while you were there, any meals?

Mr. DOTO. No, sir.

Mr. HALLEY. You talked to him?

Mr. DOTO. Greetings of the day.

Mr. HALLEY. Did you have any conversations of any longer duration?

Mr. DOTO. Just general talk.

Mr. HALLEY. General talk? When did you first meet Samish?

Mr. DOTO. Four or five years ago.

Mr. HALLEY. Under what circumstances?

Mr. DOTO. Strictly social, an introduction.

Mr. HALLEY. And no business relationships at all?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you any interest in any liquor business?

Mr. DOTO. Interest in what?

Mr. HALLEY. In any liquor business?

Mr. DOTO. No, sir.

Mr. HALLEY. Have you had any?

Mr. DOTO. No, sir.

Mr. HALLEY. Do you know Jack Friedlander in Miami?

Mr. DOTO. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. DOTO. Not too long, 4 or 5 years.

Mr. HALLEY. Have you had business dealings with him?

Mr. DOTO. No, sir.

Mr. HALLEY. Did you have occasion to telephone him while you were in Hot Springs?

Mr. DOTO. Telephone who?

Mr. HALLEY. Friedlander.

Mr. DOTO. Not that I recall.

Mr. HALLEY. Who was E. McGrath?

Mr. DOTO. He is a friend of mine.

Mr. HALLEY. Was he in Hot Springs with you?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Is he in any business with you?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. You had a suite together, isn't that right?

Mr. DOTO. That is right.

Mr. HALLEY. Have you any idea what his business and Jack Friedlander's might have been?

Mr. DOTO. I wouldn't know.

Mr. HALLEY. Friedlander is a well-known gambler in Miami, is he not?

Mr. DOTO. I wouldn't know whether he is or not.

Mr. HALLEY. You must have some idea of whether he is a gambler or not? Don't you have any idea at all?

Mr. DOTO. No, sir.

Mr. HALLEY. Some time ago the chairman asked about the details of this indictment you had in 1932 with Sam Gasberg. Do you remember that?

Mr. DOTO. That wasn't 1932.

Mr. HALLEY. 1937, was it not?

Mr. DOTO. 1939, I believe.

Mr. HALLEY. We can check the record; 1940—you are right, 1939.

Mr. DOTO. 1939, 1940.

Mr. HALLEY. What were the circumstances of that, do you remember?

Mr. DOTO. I was indicted.

Mr. HALLEY. Well, you were indicted for an alleged kidnaping and extortion of Isadore Luff.

Mr. DOTO. That is right.

Mr. HALLEY. Did you know Luff?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Had he come to you to settle some dispute?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. And is it not the fact that Luff and a man named Isaac Wapinsky were severely beaten at that time?

Mr. DOTO. I wouldn't know whether it was a fact or not.

Mr. HALLEY. It was so charged, was it not?

Mr. DOTO. It was so charged; yes, sir.

Mr. HALLEY. And that they were held in a house for about 3 days, is that right?

Mr. DOTO. That was the charge.

Mr. HALLEY. Did you have anything to do with that?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me. The record will speak for itself if you have it before you. I was dismissed—the indictment was dismissed.

Mr. HALLEY. The indictment was dismissed.

Mr. DOTO. That is right, on the request of the prosecutor.

Mr. HALLEY. Wasn't it a fact that Luff and Wapinsky came to you in an effort to get a dispute settled at about that time?

Mr. DOTO. I don't recall these things.

Mr. HALLEY. Well, they were having a dispute with Gasberg, were they not?

Mr. DOTO. Maybe they were; I didn't know anything about it.

Mr. HALLEY. And didn't they come to you to try to get the thing worked out?

Mr. DOTO. Not that I recall.

Mr. HALLEY. Well, did any of them come to you for advice at that time.

Mr. DOTO. It's too far back; those things were immaterial.

Mr. HALLEY. Well, is it not a fact that Luff came to you and sought your help?

Mr. DOTO. Not that I can recall.

Mr. HALLEY. He claimed that Gasberg owed him some money in connection with something?

Mr. DOTO. I can't help what he claimed.

Mr. HALLEY. Did he not?

Mr. DOTO. You would have to ask him.

Mr. HALLEY. Didn't he come to you and tell you that?

Mr. DOTO. No, sir.

Mr. HALLEY. He did not?

Mr. DOTO. No, sir.

Mr. HALLEY. Weren't you sought to be the arbitrator of the dispute between Luff and Gasberg?

Mr. DOTO. Not that I recall. Any dispute, arbitration, I don't recall any such thing.

Mr. HALLEY. You had known both of them though?

Mr. DOTO. Yes, sir.

Mr. HALLEY. And you had been talking to them at about the time of the alleged kidnapping, is that right?

Mr. DOTO. When was that kidnapping that was supposed to have happened?

Mr. HALLEY. I think it was in 1939, was it not?

Mr. DOTO. No; way back before that.

Mr. HALLEY. The arrest was in 1939, but you were a fugitive for some time, were you not?

Mr. DOTO. I was not; never in my life.

Mr. HALLEY. Well, they couldn't find you for some time, could they, for that?

Mr. DOTO. If your record speaks for itself—

Mr. HALLEY. Well, you can answer the question, either you were or you were not.

Mr. DOTO. I was never a fugitive, not to my knowledge.

Mr. HALLEY. Well, weren't you out of the State of New York for some period before you were finally picked up on the kidnapping charge?

Mr. DOTO. No, sir. As soon as I heard about it I came in on it.

Mr. HALLEY. When did you first hear about it?

Mr. DOTO. A few days before I walked into Mr. Amen's office.

Mr. HALLEY. Would you say that the same thing would apply here, that is, the first time when you heard that this committee's efforts were being expended to serve a subpoena on you, you came in?

Mr. DOTO. No, sir.

Mr. HALLEY. That is not so?

Mr. DOTO. No, sir.

Mr. HALLEY. Were you trying to avoid service of this committee's subpoena?

Mr. DOTO. No, sir.

Mr. HALLEY. Where were you during the month of October 1950?

Mr. DOTO. I was around; home all the time.

Mr. HALLEY. Around where?

Mr. DOTO. At my home.

Senator TOBEY. Just a minute. You were speaking of this fall?

Mr. DOTO. Yes, sir.

Senator TOBEY. Well, your wife came before us in New York and testified to us under oath—

Mr. DOTO. My wife did not come before you, Senator.

Senator TOBEY. I beg your pardon; excuse me, please.

Mr. DOTO. That is all right, Senator.

Mr. HALLEY. We went so far as to subpoena your wife in an effort to get her to tell us where you were, and it turned out she was sick in a neighbor's apartment.

Mr. DOTO. That is right.

Mr. HALLEY. All that time, didn't you hear that this committee was trying to serve a subpoena on you?

Mr. DOTO. Yes, sir.

Mr. HALLEY. Why didn't you appear?

Mr. DOTO. I didn't have the subpoena.

Mr. HALLEY. Before that service? You knew that we were sending investigators to your house practically daily to find you?

Mr. DOTO. Oh, no. Unfortunately, we were missing one another. I never ducked them.

Mr. HALLEY. That was not pure accident, though, was it?

Mr. DOTO. It might have been.

Mr. HALLEY. Well, you were ducking, were you not?

Mr. DOTO. I was not.

Mr. HALLEY. You never ducked our subpoena server?

Mr. DOTO. No.

Mr. HALLEY. You did not make yourself scarce?

Mr. DOTO. I did not.

Mr. HALLEY. Didn't I have to negotiate for several weeks even after you were arrested in New Jersey for getting you to come in here and accept the subpoena?

Mr. DOTO. Well, your men couldn't even get me when I walked into the court in the State of New Jersey.

Mr. HALLEY. Well, they had their reasons for not doing it there. I spoke to your counsel.

Mr. DOTO. I didn't know their reasons.

Mr. HALLEY. Didn't your counsel come to you and say that I was trying to serve a subpoena on you?

Mr. DOTO. That is right.

Mr. HALLEY. And he got word back to me that you did not wish to accept it?

Mr. DOTO. I did not have any desire to appear before this committee then or never.

Mr. HALLEY. Why didn't you desire to appear before this committee?

Mr. DOTO. Because I did not want to be a willing witness.

Mr. HALLEY. Well, you are a citizen of the United States?

Mr. DOTO. That is right.

Mr. HALLEY. And this is a Senate committee conducting a lawful inquiry, is it not?

Mr. DOTO. That is right.

Mr. HALLEY. And you considered it to be your duty to appear and answer lawful questions?

Mr. DOTO. That is right.

Mr. HALLEY. Why didn't you want to appear?

Mr. DOTO. Because I never got the subpoena.

Mr. HALLEY. Well, we passed that point; you were at the point where your lawyer, and I must say it was not Mr. Corbin——

Mr. DOTO. I told them there would be time enough to get the subpoena.

Mr. HALLEY. The gentleman who represented Mr. Morétti, is that right?

Mr. DOTO. That is right.

Mr. HALLEY. And he told you that we wanted to arrange to serve a subpoena on you?

Mr. DOTO. That is right.

Mr. HALLEY. And you said you didn't care to accept service, "Let them catch me if they can," is that right?

Mr. DOTO. That is right.

Mr. HALLEY. Why did you desire to try to avoid the service of this committee's subpoena when you knew it was attempting to serve it?

Mr. DOTO. For no particular reason. I knew that sooner or later I would be here.

Mr. HALLEY. But you preferred it to be very much later, is that it?

Mr. DOTO. That is right.

Mr. HALLEY. Why didn't you want to cooperate and come before this committee and tell them what you properly could?

Mr. DOTO. Well, I don't want to go into that. It was an attitude of your process servers that they went around and harassed me to no end.

Mr. HALLEY. How did they harass you?

Mr. DOTO. Well, they went to the butcher, the baker, and the candlestick maker.

Mr. HALLEY. Well, they were trying to find you, weren't they?

Mr. DOTO. They couldn't find me through there; they went around making slurring remarks.

Mr. HALLEY. They did go to your home?

Mr. DOTO. Then they started to annoy my wife.

Mr. HALLEY. They went to your home, did they not?

Mr. DOTO. That is right. I didn't happen to be home at that moment; they didn't wait there for me.

Mr. HALLEY. And your wife could have told them when you could have been home, is that right?

Mr. DOTO. She doesn't know my business; she has been sick and has her own troubles with the four kids.

Mr. HALLEY. Well, apparently, the butcher and the baker and the candlestick maker told you that this committee's subpoena servers were looking for you?

Mr. DOTO. That is right.

Mr. HALLEY. And, of course, you knew this harassment would stop once they served you, and you still refused to come in?

Mr. DOTO. The damage had already been done.

Mr. HALLEY. Were you afraid to answer the questions of this committee?

Mr. DOTO. No; I am not afraid of anything.

Mr. HALLEY. Are you afraid to tell this committee the facts with respect to gambling?

Mr. DOTO. I thought I made a statement before for the record that explained everything, sir.

Mr. HALLEY. We won't talk about your gambling now. Let us talk about gambling, in general, in New Jersey. What do you know, if anything, about gambling?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. What have you heard that you can tell this committee that would be of help in assisting this committee in its investigation?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Do you know whether or not any person engaged in the gambling business operates across State lines and from one State to another?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Do you know anything about the bookmaking business?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever heard whether or not Frank Erickson is a bookmaker?

Mr. DOTO. Well, I have heard lately; yes.

Mr. HALLEY. You have heard?

Mr. DOTO. Yes.

Mr. HALLEY. Do you know whether Frank Erickson took lay-off bets?

Mr. DOTO. I wouldn't know that.

Mr. HALLEY. Do you know whether any people take lay-off bets?

Mr. DOTO. I wouldn't know.

Mr. HALLEY. Do you know what a lay-off bet is?

Mr. DOTO. I don't know whether I do or not.

Mr. HALLEY. Have you ever heard of a lay-off bet?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. I won't ask any more questions.

Senator TOBEY. I have only one comment to make. It is not a question, but it is very clearly evident to me that this gentleman's attorney, Mr. Corbin, who is sitting in the rear of the room, made the truest remark in this room today when he said that Mr. Adonis didn't need any help from him. [Laughter.]

Mr. CORBIN. I think he realizes that we still have a fifth amendment to our Constitution.

Senator TOBEY. Mr. Adonis, in September of 1937 you were arrested by Detectives Maguire and Casey of the safe and loft squad, and you handed over to Detective Maguire a paper containing a list of names and amounts, saying that you did not wish to be questioned about it, and you asked Detective Maguire to hold it for you, is that correct?

Mr. DOTO. I don't recall any such instance, Senator.

Senator TOBEY. Well, Maguire said that you said to Maguire that this would show how you operated. Maguire gave the list to Captain Fennelly, who had a photostat made, and the list was then given back to you. The list was apparently in your handwriting and reads as follows—it is a piece of book concerning one side the "ins," and the other side the "outs," and on the "in" side such items as \$54,000 for B. R.; Sally \$25,000; Frank C. \$26,000; Doc \$5,000; Spic. \$7,500; Doc \$1,500; Frank C. \$20,432; Doc \$9,000; Frank \$10,000; Sart. \$25,250; Sart. \$22,232.

On the "out," Doc \$5,000; legal \$750; legal \$500; Frankie Gar \$1,000; judge \$5,000; judge \$15,000; up-State \$250; Doc \$25,000 Louis L. \$200; Kenny \$100; Doc \$15,000; Doc \$5,000; Spic. \$10,000; up-State \$250; judge \$3,000; Ben \$5,000; up-State \$250; Guy \$3,000;

Spiro \$2,000; George H. \$1,000; up-State \$450; Ben \$15,000; Capital \$25,000; George H. \$1,000; consular \$17,500; Tee \$7,500; up-State \$225; legal \$12,500; legal \$3,000; John B. \$8,300; Fourteenth Street \$500.

Now, the "ins" total \$206,283, and the "outs" total \$188,425.

Would you be willing to tell the committee whatever that covers the "ins" and "out"—what is the time those items cover?

Mr. Doto. I decline to answer on the ground it might tend to incriminate me.

Senator TOBEY. Would you care to explain and interpret those names for us as to who they represent?

Mr. Doto. I decline to answer.

Senator TOBEY. Do you recall that memorandum?

Mr. Doto. No, sir.

Senator TOBEY. Do you recall any of the connections with it?

Mr. Doto. No, sir.

Senator TOBEY. Do you recall any of those connotations of those names, as connoting something else? You do not recall your being arrested by these two detectives?

Mr. Doto. I recall being arrested.

Senator TOBEY. But you do not recall giving them this memorandum?

Mr. Doto. No, sir.

Senator TOBEY. Do you know Benny Railroad?

Mr. Doto. Who?

Senator TOBEY. Benny Railroad is his name. Do you know Salvatore Spitalo, now in Sing Sing, or was in Sing Sing?

Mr. Doto. Yes, sir.

Senator TOBEY. Is he still in Sing Sing?

Mr. Doto. I wouldn't know, sir.

Senator TOBEY. Well, the initials Sally, do they connote Salvatore Spitalo, in your judgment?

Mr. Doto. I wouldn't know.

Senator TOBEY. Would Frank C. mean Frank Costello?

Mr. Doto. I wouldn't know.

Senator TOBEY. Would "Legal" be Moe Polakoff?

Mr. Doto. I wouldn't know.

Senator TOBEY. Would "Ben" be Big Ben Siegel?

Mr. Doto. I wouldn't know.

Senator TOBEY. Would "Capital" mean Capital Distributors Corp.?

Mr. Doto. I wouldn't know.

Senator TOBEY. Would "Geo. H." mean George Howard?

Mr. Doto. I wouldn't know.

Senator TOBEY. One other question: Did "John B." mean John Brocco?

Mr. Doto. I wouldn't know, sir.

Senator TOBEY. Do those names mean anything to you, sir?

Mr. Doto. Some of them do, some of them don't.

Senator TOBEY. Now, did you go up to New Hampshire at one time, northern New Hampshire, to Dixville Notch and look over the hotel property known as the Balsams?

Mr. Doto. Yes, sir; I was up in the Balsams.

Senator TOBEY. Was Frank Guedera the owner then of that hotel?

Mr. Doto. Yes, sir.

Senator TOBEY. Is he still living?

Mr. DOTO. I don't know. I haven't seen him over the last few years.

Senator TOBEY. At that time did you look at it with the possible thought of buying it?

Mr. DOTO. There was some thought.

Senator TOBEY. To make it the center of gambling operations?

Mr. DOTO. No, sir.

Senator TOBEY. Did you tell Frank Guedara that this hotel was adequately suitable for gambling?

Mr. DOTO. No, sir; I don't recall such conversation.

Senator TOBEY. Were there a good many Tammany politicians from New York who frequented the Balsams in the fall of the year each year?

Mr. DOTO. I wouldn't know; I never was there in the fall.

Senator TOBEY. And you do not recall any when you were there—you do not recall any of those who were there when you were there?

Mr. DOTO. No, sir.

Senator TOBEY. I see. That is all I have.

Mr. HALLEY. Did you know Charlie Binaggio?

Mr. DOTO. No, sir.

Mr. HALLEY. Never met him?

Mr. DOTO. No, sir.

Senator TOBEY. You testified a few moments ago that you knew Mr. Art Samish of California. Where did you meet him in these instances that you mention?

Mr. DOTO. Somewheres in New York.

Senator TOBEY. In New York?

Mr. DOTO. Yes.

Senator TOBEY. Did you ever meet him in California?

Mr. DOTO. No, sir.

Senator TOBEY. Do you know of his operations in California?

Mr. DOTO. No, sir.

The CHAIRMAN. Were you in Hot Springs, Ark., in the last 6 or 8 months?

Mr. DOTO. Yes, sir.

The CHAIRMAN. This fall?

Mr. DOTO. This spring, this past spring.

The CHAIRMAN. Were you registered in your name? What name were you registered under?

Mr. DOTO. My name.

The CHAIRMAN. Joe Adonis or Joe Doto?

Mr. DOTO. Doto, I believe it was.

The CHAIRMAN. Were you there this fall?

Mr. DOTO. No; I was not there this fall.

The CHAIRMAN. Where do you stay in Florida when you go down?

Mr. DOTO. No place in particular.

The CHAIRMAN. I know, but what hotel do you stay at?

Mr. DOTO. Well, I stayed in a little place called the Hampshire House the last few years at Hallandale, Fla.

The CHAIRMAN. Did you stay at the Wofford any time?

Mr. DOTO. I have stayed there.

The CHAIRMAN. You know Abe Allenberg quite well?

Mr. DOTO. Yes, sir.

The CHAIRMAN. Who do you know connected with the Ford Motor Co., or who used to be connected?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. Would you mind listing a property that you own, real estate you own?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. You have a chauffeur or a butler, do you not?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. How would that tend to incriminate you?

Mr. DOTO. Well, I don't have a butler; I don't have anybody.

The CHAIRMAN. Well, you have something—you have somebody who drives you around?

Mr. DOTO. No, sir.

The CHAIRMAN. Don't you have someone associated with you and who owns a building in Cliffside Park, where the Home Movie Exchange is located? Do you know where the Home Movie Exchange is?

Mr. DOTO. It doesn't mean a thing to me.

The CHAIRMAN. It doesn't mean anything to you at all?

Mr. DOTO (shaking his head in the negative).

The CHAIRMAN. You do not have any interest in it?

Mr. DOTO. Home Movie Exchange?

The CHAIRMAN. Yes; the building where it is located.

Mr. DOTO. I don't have any interest in any building.

The CHAIRMAN. In any building?

Will you tell us your net worth as of today?

Mr. DOTO. I decline to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. Neither you nor any member of your family are related to Frank Costello, I believe you said?

Mr. DOTO. No, sir.

The CHAIRMAN. Do you have any connection with Plastic Fashions at 651-A Palisades Avenue, Cliffside?

Mr. DOTO. No, sir.

The CHAIRMAN. Have you ever had?

Mr. DOTO (shaking his head in the negative).

The CHAIRMAN. Do you know this Palisades Specialty Co.?

Mr. DOTO. Who?

The CHAIRMAN. Palisades Specialty Co.?

Mr. DOTO. I don't know of it.

The CHAIRMAN. 498 Anderson Avenue, Palisades, N. J.?

Mr. DOTO. No, sir.

The CHAIRMAN. You do not know where it is?

Mr. DOTO. Well, I have an idea when you mention the address.

The CHAIRMAN. Do you or have you had any interest in it at all?

Mr. DOTO. No, sir.

The CHAIRMAN. Do you know anything about Cornell Distributors on State Highway No. 6, Ridgefield Park, N. J.?

Mr. DOTO. No, sir.

The CHAIRMAN. Do you have a bank account?

Mr. DOTO. Yes, sir.

The CHAIRMAN. Where is your bank account?

Mr. DOTO. Edgewater National Bank.

The CHAIRMAN. Is that the only one you have?

Mr. DOTO. Yes, sir.

The CHAIRMAN. Do you keep money in a box or any amount of money?

Mr. DOTO. No, sir.

The CHAIRMAN. You keep all your cash in your bank account?

Mr. DOTO. That is correct.

The CHAIRMAN. Is that correct?

Mr. DOTO. Correct.

The CHAIRMAN. Do you own any real estate in New York State?

Mr. DOTO. No, sir.

The CHAIRMAN. Or have any interest in any?

Mr. DOTO. No, sir.

The CHAIRMAN. Either yourself or through a corporation?

Mr. DOTO. No, sir.

The CHAIRMAN. Will you tell us how many corporations you own stock in or have an interest in?

Mr. DOTO. I decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. I am not asking you which one; I am asking you how many.

Mr. DOTO. I still decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. Mr. Adonis, you will remain subject to subpoena, so that you will be called when we contact your lawyer, Mr. Corbin, or you; and you are advised, by virtue of your refusal to answer questions, that Senator Tobey and I have decided that we will have no alternative but to recommend to the whole committee that you be cited for contempt of this committee. It is not what we want to do, but our opinion is that you refused to answer a good many questions that have no relevancy to the possibility of incriminating you, so that will be all for the time being, Mr. Adonis.

Mr. DOTO. Thank you.

(The letters previously referred to are identified as exhibit No. 8, and read as follows:)

FORD MOTOR CO.,

Dearborn, Mich., October 20, 1950.

Mr. H. G. ROBINSON,

Chief Investigator, United States Senate Special Committee to Investigate Organized Crime in Interstate Commerce, Washington, D. C.

DEAR MR. ROBINSON: This is in reply to your letter dated September 20, 1950, regarding the E. & L. Transport Co.

E. & L. Transport Co., a Michigan corporation, and E. & L. Transport, Inc., of Indiana, an Indiana corporation, are common carriers. These companies convey automobiles, trucks, and tractors for Ford Motor Co. There is no contractual relationship between these companies and Ford Motor Co. except the ordinary bill of lading which is issued for each shipment. The president and managing head of both of these companies with whom our traffic representatives transact business is Lloyd Lawson. The annual report of E. & L. Transport, Inc., of Indiana, to the Interstate Commerce Commission for the year ended December 31, 1949, shows Lloyd Lawson, Anthony J. D'Anna, and George S. Dixon as directors. The annual report of E. & L. Transport Co. to the Interstate Commerce Commission for the year ended December 31, 1949, shows Lloyd Lawson, Anthony J. D'Anna and Effie M. Lawson as directors. Such reports show Lloyd Lawson as president and treasurer, and Anthony J. D'Anna as vice presi-

dent and secretary of each company. These reports also show that 150 shares of E. & L. Transport, Inc., of Indiana, stock are outstanding—75 owned by Lloyd Lawson and 75 owned by Anthony J. D'Anna; and 1,500 shares of stock of E. & L. Transport Co. are outstanding—700 owned by Effie M. Lawson, 50 by Lloyd Lawson, and 750 by Anthony J. D'Anna. The names James Baraco and Sam Mocerri do not appear on either of these reports and our traffic representatives say that they have no knowledge of either of these persons being connected with the two corporations.

Automotive Conveying Co. of New Jersey, a New Jersey corporation, is a common carrier, and convoys automobiles for Ford Motor Co. We have no contractual relationship with this company other than the ordinary bill of lading issued on each shipment. Our traffic representatives advise that Joseph Doto does not deal with them as an active representative of this corporation. Joseph Doto does appear in the annual report to the Interstate Commerce Commission for the year ended December 31, 1949, as a director and vice president. This report shows 500 shares of stock outstanding, which is owned as follows: 60 by Paul Bonadio, 110 by Charles Chiri, 100 by Marie Chiri, 110 by Joseph Doto, 100 by Jean Doto, and 20 by Edward F. Farr. This report also shows that compensation of officers and directors during 1949 was as follows:

Paul Bonadio, \$14,000 salary, \$954 expenses.

Charles Chiri, \$14,000 salary, \$1,258 expenses.

Joseph Doto, \$14,000 salary, \$503 expenses.

Edward F. Farr, \$7,500 salary, \$713 expenses.

Superior Motor Sales, Inc., a Michigan corporation, is a Ford dealer at Wyandotte, Mich. Ford Motor Co. has the usual form of Ford sales agreement with this company. It was entered into January 29, 1941. It is our understanding that the majority of the stock of the corporation is held by William D'Anna, who is also the president of the corporation, and that the remainder of the stock is held by Charles Creed, who is also the vice president and treasurer of the corporation. It is believed that William D'Anna is the brother of Tony D'Anna and that Tony D'Anna owns and rents to the dealership the building in which it operates.

Very sincerely,

MEL B. LINDQUIST,
General Industrial Relations Manager.

AUTOMOTIVE CONVEYING CO. OF NEW JERSEY, INC.,
November 25, 1950.

Mr. R. E. BEISER,
*General Manager, National Automobile Transporters Association,
2627 Cadillac Tower, Detroit, Mich.*

DEAR DICK: The following information is furnished as per your request made during your recent visit to our office.

We have been automobile transporters since November 1932, and have delivered vehicles into the following States: Virginia, Washington, D. C., Maryland, Pennsylvania, New Jersey, New York, Connecticut, Massachusetts, Rhode Island, and Vermont.

Upon enactment of the Motor Carrier Act in 1935 this company was granted certificate No. MC-31820 as a common carrier.

This company has delivered approximately 50,000 vehicles yearly with the exception of the war years 1942 to 1944. During this time our facilities were made available to the war effort.

This year we have delivered 83,545 vehicles during the first 10 months.

We have a personnel of about 110 and the total wages for the first 10 months amounted to \$372,501.17.

Any additional information you may desire will be gladly furnished upon request.

Very truly yours,

AUTOMOTIVE CONVEYING CO. OF NEW JERSEY, INC.,
PAUL BONADIO, *Vice President and Treasurer.*

The CHAIRMAN. The committee has determined that, in view of other committee meetings and engagements of members of the committee, we will have to have the next session at 10 o'clock in the morning instead of this afternoon, so the committee will stand in recess until

10 o'clock, and all witnesses are ordered, who have not testified, to report at 10 o'clock in the morning.

Mr. COHEN. Mr. Chairman, I am Jack L. Cohen. I represent a witness here who is here in answer to a subpoena, named James Rutkin.

Now, with reference to Mr. Rutkin, he has appeared here today against the advice of his physician, and I was hoping that we could dispose of his testimony today in view of the fact that he has postponed an operation for some time now. I do not know whether the committee feels it will be able to reach him tomorrow morning or not. If there is any chance that he cannot, I would like to see him be able to return and be excused so that he can have that medical attention and come before the committee at some time in the future.

The CHAIRMAN. Mr. Rutkin will be here in the morning?

Mr. COHEN. Well, his doctor advises him not to be here today either.

The CHAIRMAN. What is the nature of the illness?

Mr. COHEN. An ulcer operation.

The CHAIRMAN. What is your name, sir?

Mr. COHEN. The stenographer has it, Jack L. Cohen.

Mr. HALLEY. Mr. Cohen, you remember that the committee excused Mr. Rutkin once before.

Mr. COHEN. That is right, sir.

Mr. HALLEY. And at that time you said that if the committee would excuse him he would assure that as soon as the trial he was then in was over he would appear, whether it was in Washington or Philadelphia, and that he would then testify.

Mr. COHEN. In response to your question, Mr. Rutkin is here today, Mr. Halley. We have complied with your request and with our representation at that time. I am merely pointing out, in view of his physical condition, if there is going to be any delay in taking his testimony, we ask that it be an extended one.

The CHAIRMAN. We will put him on as the first witness in the morning at 10 o'clock. Will that be satisfactory?

Mr. COHEN. I think it will.

The CHAIRMAN. If it is not, we will contact Mr. Halley this afternoon and we will see what can be done.

The committee will now stand in recess until 10 o'clock in the morning, unless otherwise called.

(Whereupon, at 1:15 p. m., the hearing was adjourned, to reconvene at 10 a. m. Wednesday, December 13, 1950.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

WEDNESDAY, DECEMBER 13, 1950

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
Washington, D. C.

The committee met, pursuant to adjournment, at 10:10 a. m. in room 457, Senate Office Building, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and Hunt.

Also present: Rudolph Halley, chief counsel for the committee.

The CHAIRMAN. The committee will come to order.

Mr. Cohen? Where is Mr. Cohen?

Mr. JACK L. COHEN. Yes, sir.

The CHAIRMAN. You represent Mr. Rutkin, and you have given the committee the telegram of Mr. Rutkin saying that the doctor ordered him to go to bed when he got back last night, and he has not come back this morning?

Mr. COHEN. That is right, sir.

The CHAIRMAN. Well, the staff in New York has been directed to have a physician call on Mr. Rutkin today. That will be satisfactory with you?

Mr. COHEN. We have no objection, sir.

The CHAIRMAN. If these findings are not borne out, Mr. Cohen, we are going to take proceedings against Mr. Rutkin, and also Mr. Catena, who it is also ordered that he be examined.

He assured us he would be here this morning.

Mr. COHEN. Senator, I certainly do not think we ought to impute to him any intention not to be here or not to testify in view of the fact that the man was here yesterday in response to your telegram.

Senator TOBEY. Why did he go back to New York just this morning? It is a 4-hour trip back here. Why wouldn't he stay here?

Mr. COHEN. I beg your pardon, sir, it is a 1-hour trip by plane. He was not feeling very well, and he thought he would be able to get home and get medical aid, and it was our understanding that he would be on the early-morning plane, the same as yesterday morning, and I advised the committee yesterday he would be a very sick man. However, his attack may take 2 or 3 days or a week to get over, and whenever the committee is sitting again he will be here.

As a matter of fact, having had the advantage—

The CHAIRMAN. We asked you to let us know if the situation was such that he could not be back this morning. We called a meeting of

the committee yesterday afternoon to decide if there was any doubt about it, and we did not hear anything which would indicate trouble from you.

Mr. COHEN. He was here when I spoke to the committee yesterday, and I did not anticipate there would be any difficulty about his appearance this morning. I do not think anybody can predict the course of an illness of that kind. It just took a turn for the worse.

The CHAIRMAN. All right. We are telling you that a physician will be out to see him.

Mr. COHEN. As a matter of fact, sir, I had a phone conversation with him this morning and, having had the advantage of the procedure yesterday, requested that Dr. Luria send the committee a telegram advising what his condition was and advising when he will be able to appear; and that is probably on its way to the committee now.

Is there anything else, sir?

The CHAIRMAN. No; nothing else.

Mr. William Moretti?

Mr. JOHN E. SELSER. I wonder, if the committee please, I might address myself to them for just a moment, not with regard to William Moretti, but with regard to my appearance before the committee yesterday. I believe the committee recalls that I did appear here yesterday as counsel—

The CHAIRMAN. Yes, Mr. Selser; we recall.

Mr. SELSER. I wanted to set forth before this committee the bases of my appearance, and the advice that I gave to my client yesterday, and the advice that I shall give to my clients should they be called today, my other clients, presently under charges in New Jersey and New York; and I have prepared a statement which I should like to read to the committee so that there may be no uncertainty as to the remarks I make.

The CHAIRMAN. How long is your statement?

Mr. SELSER. Just about a moment, sir.

The CHAIRMAN. All right; very well.

Mr. SELSER. I would say 2 minutes at the outside.

At the time I first appeared before this committee, I stated that I would advise my clients that their constitutional right with regard to self-incrimination was being violated, and I intended to advise them not to answer questions accordingly.

I tried to make it clear that this conclusion was reached by reason of the fact, among other things, that the committee was acting as an arm of the State prosecutors of the various States in that all information secured by the committee was delivered into the possession of such prosecuting officers for use by them in the prosecution of my clients.

Mr. Stamler, the deputy attorney general of New Jersey, presently serving as the prosecutor of Bergen County, has made a public statement to the effect that he has arranged with this committee to be supplied a copy of the statement to be made by my clients at this hearing.

It is a fact now established that statements made by my clients are not being sought in good faith for the use of the Senate, but probably for the use of any person or persons who may choose to make use of them.

I so conclude because the committee has made every provision for the comfort of the press and the taking of photographs and the recording

of the statements given, and in addition statements of each witness are exposed to any member of the public in or out of law-enforcement circles who may choose to attend the hearing.

I conclude that, since the witnesses are required by the committee to speak before such public, any statement made would be a waiver of their constitutional privilege, and I, of course, desire that such right with regard to self-incrimination may be preserved.

Should this committee set up a program for hearing the statements of my clients so that the record so taken will be limited to the exclusive use of the Senate, within the four walls of the resolution under which this committee was created, then, of course, I would advise my clients very differently with regard to their right to refuse to answer questions.

In short, my advice to my clients is not based upon any desire to keep facts away from the Senate within the four walls of the investigation authorized by the resolution creating the committee, but rather it is a desire to prevent the law-enforcement officers of the various States from doing, through this committee, what they would not under law be privileged to do for themselves as against the rights of my clients.

The CHAIRMAN. Have you finished reading your statement?

Mr. SELSER. Yes; I have finished reading it, and I wanted this to be a part of the record, that the basis—

The CHAIRMAN. It is made part of the record.

You have finished your statement; and, of course, you can reach any conclusion you want to. This is an open hearing; anybody has a right to hear the testimony. We made efforts to get your clients before executive sessions, and for one reason or another they did not appear.

I think, Mr. Selser, the committee is better able to determine what the purposes of the inquiry are and our mode of operation than you are, sir, but we are glad to have your statement.

Call Mr. Moretti, please.

Mr. Moretti, you solemnly swear the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MORETTI. I do.

The CHAIRMAN. We are going to offer Mr. Moretti's testimony, and we do not want any pictures made after his testimony starts.

**TESTIMONY OF WILLIAM MORETTI, HASBROUCK HEIGHTS, N. J.,
ACCOMPANIED BY JOHN T. SULLIVAN, ATTORNEY, NEW YORK,
N. Y.**

Mr. HALLEY. What is your full name, Mr. Moretti?

Mr. MORETTI. William Moretti.

Mr. HALLEY. What is your address?

Mr. MORETTI. 201 Bell Avenue, Hasbrouck Heights, N. J.

Mr. HALLEY. May we have the appearance of counsel?

Mr. SULLIVAN. John T. Sullivan, 70 Pine Street, New York City.

Mr. HALLEY. You are representing Mr. Moretti?

Mr. SULLIVAN. That is correct.

Mr. HALLEY. What is your business, Mr. Moretti?

Mr. MORETTI. U. S. Linen Supply business.

Mr. HALLEY. And the address of that is what?

Mr. MORETTI. I have got it right here. It is a long block, so there are several addresses here; 113 to 137 North First Street, Paterson, N. J.

Mr. HALLEY. How old are you, Mr. Moretti?

Mr. MORETTI. I was born June 4, 1894.

Mr. HALLEY. Where were you born?

Mr. MORETTI. New York City.

Mr. HALLEY. Where have you resided since then?

Mr. MORETTI. What was the question again?

Mr. HALLEY. Where have you resided since 1894, in what States?

Mr. MORETTI. In New York City, 329 East One Hundred and Ninth Street, where I was born.

Mr. HALLEY. I do not need your precise addresses, but I want to know did you live in New York City continuously?

Mr. MORETTI. No; I lived in New York until around 1915.

Mr. HALLEY. Then where did you move?

Mr. MORETTI. Then I moved around.

Mr. HALLEY. To what States?

Mr. MORETTI. Philadelphia, Pa.; Jersey.

Mr. HALLEY. Where else?

Mr. MORETTI. New York State.

Mr. HALLEY. Did you ever live in California?

Mr. MORETTI. No, sir.

Mr. HALLEY. Or in Chicago?

Mr. MORETTI. Just went there for a vacation once when I was sick. I never lived in Chicago, sir.

Mr. HALLEY. Have you ever been convicted of a crime?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. What was that and when?

Mr. MORETTI. In 1913, some barber said I tried to hit him and take money off him, so they charged me with robbery. It was no more robbery than sitting here.

Mr. HALLEY. Was that in New York?

Mr. MORETTI. New York City; yes, sir.

Mr. HALLEY. And you were convicted?

Mr. MORETTI. I was convicted, found guilty of assault in the second degree.

Mr. HALLEY. Were you sentenced to prison?

Mr. MORETTI. Judge Rosalsky sentenced me to Elmira Reformatory.

Mr. HALLEY. For how long?

Mr. MORETTI. For the maximum of 5 years, but I did it in 12 months and 21 days; I still hold my record there.

Mr. HALLEY. Was that because of time off for good behavior?

Mr. MORETTI. No; you could do your time in 12 months and 21 days even if your crime calls for 20 years, you can get out by that time.

Mr. HALLEY. How can you do that?

Mr. MORETTI. By being a good boy, good behavior.

Mr. HALLEY. Good behavior?

Mr. MORETTI. Right, never lost a month.

Mr. HALLEY. Were you ever convicted for any other offense?

Mr. MORETTI. In 1915 I was convicted for—there was a gun charge of a misdemeanor. I got a 2-year suspended sentence from Judge Rosalsky again, and he made a speech there and he said, "Being I sen-

tenced you to Elmira Reformatory in 1913, and you obeyed my orders, I am going to give you a suspended sentence." He said, "Next time you hear shooting, turn the other way and don't take any guns out of people's pockets."

Mr. SULLIVAN. Mr. Halley, may I interrupt, please?

Mr. HALLEY. Yes.

Mr. SULLIVAN. Mr. Moretti has been suffering from a severe illness for many years. Now, however, he is desirous, for the benefit of his family and for the benefit of making—to controvert to some extent some of the statements which have appeared about him, he is anxious to explain what these two things you just referred to were. I do not think that he has given the full explanation. He feels that in neither one of these cases was he guilty of any crime.

Mr. HALLEY. I have gotten that impression and I believe the committee will be happy to hear his explanation.

Mr. SULLIVAN. Yes.

Mr. HALLEY. Now, with respect to the gun charge——

Mr. SULLIVAN. Go ahead, tell him the story of the gun charge.

Mr. MORETTI. I was at the corner of One Hundred and Seventeenth Street, around 1 o'clock in the afternoon, so I heard some shooting at One Hundred and Sixteenth, so I didn't know where it was, so you know how kids are, they all run when they hear shooting, so I ran to the scene.

There was a fellow lying on the sidewalk; so there was a hospital across the way. I put him on my shoulders and brought him to the hospital. I knew the fellow slightly; so while they were taking the clothes off him a gun fell out of his pocket, so I took the gun and put it in my pocket. The doctors and everybody seen that, so I come out of the hospital to give it to the police department. I got caught coming out of the hospital with a gun in my pocket.

Mr. HALLEY. Were you convicted of that gun charge or of the shooting?

Mr. MORETTI. No.

Mr. HALLEY. The gun charge?

Mr. MORETTI. No; they never tried to connect me with the shooting, because the killer was electrocuted.

Mr. HALLEY. I see.

Mr. MORETTI. He was caught the same day.

Mr. HALLEY. Did you know the killer?

Mr. MORETTI. No; I never seen him; I heard the shooting a block away.

Mr. HALLEY. But you had never seen the killer before?

Mr. MORETTI. No; it was an Italian boy who was in this country about 6 months. I don't think anybody knew him. That case made history after I found out who he was.

Mr. HALLEY. In fact, your position was that you were convicted simply on a technicality in having the gun?

Mr. MORETTI. That is right, and the doctors and the nurses all became my witnesses before Rosalsky.

Mr. SULLIVAN. I would like to point out, which is shown by the fact that a suspended sentence was given after he had a previous conviction, so actually the actual technicality of having a gun in his pocket after walking out is all it amounted to.

Mr. HALLEY. I must say, as a New Yorker, I never knew that Judge Rosalsky ever had a reputation for handing out suspended or easy sentences.

Were you ever convicted in 1934 for a similar case?

Mr. MORETTI. I was indicted for no reasons at all.

Mr. HALLEY. What were the facts?

Mr. MORETTI. There was an investigation in Passaic County—I think it was in 1933 or 1934. You have it in your records there. So there was some gambling there, and somebody appointed a deputy attorney general. The Democrats always fight the Republicans; the Republicans fight the Democrats. It has gone all over the country. So they appointed a deputy attorney general to get some corruption, so they appointed a fellow by the name of Carpenter, and he sent a lot of people to jail there. The last one to be indicted was me in a blanket indictment, for numbers. I had no more to do with numbers than you did.

So everybody was convicted; so they put 10 disorderly house charges against me. A disorderly house charge in Jersey; I didn't know what it was until I inquired about it. So I spoke to one of my lawyers, which is Mr. Selser, who is here, and he said that means where they pick up numbers in a store.

So, on my own I went to the prosecutor's office. I spoke to Carpenter and the other deputy attorney general. I said, "I have three daughters going to school," and I said, "People may misunderstand this disorderly house business; it may be ill-famed houses." I said, "I don't want to live up to that reputation." So they changed mine to conspiracy. I pleaded guilty to these, and they gave me a suspended sentence again. They found out through records themselves that I was innocent.

Mr. HALLEY. Why did you plead guilty?

Mr. MORETTI. Just because I wanted to get it over with. Everybody else went to the can.

Mr. HALLEY. Were your associations in business at that time such that you were implicated even though you were in your opinion innocent?

Mr. MORETTI. No; I still frequent the race track quite often; I still do.

Mr. HALLEY. What was your business in 1934?

Mr. MORETTI. I had no business.

Mr. HALLEY. You were a gambler?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Were you convicted on any other occasions?

Mr. MORETTI. Not that I know of.

Mr. HALLEY. You were arrested once or twice, though, were you not, in addition to that?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Do you remember those occasions?

Mr. MORETTI. I think in 1917 they locked me up in Philadelphia. I didn't know for what. I only found out in 1939 before the grand jury in New York what the charge was, and I told them I didn't know anything about it.

Mr. HALLEY. You know the charge was highway robbery, was it not?

Mr. MORETTI. I didn't know until then. In 1939 I found that out.

Mr. HALLEY. The record says you failed to appear, Mr. Moretti.

Mr. MORETTI. Not to my knowledge. The lawyer took care, by the name of Chippie Patterson. He charged me 35 and told me to go home. That is 1917. I don't think laws were so drastic in Philadelphia then.

Mr. HALLEY. However, highway robbery was a crime.

Mr. MORETTI. I didn't know that until 1939. I made that statement before the grand jury in New York.

Mr. HALLEY. In any event, you never showed up, and your lawyer told you not to bother about it?

Mr. MORETTI. What—yes, sir.

Mr. HALLEY. In any event your lawyer told you not to bother about it, and you went home.

Mr. MORETTI. Yes; Chippie Patterson.

Mr. HALLEY. Were you ever arrested on any other occasion?

Mr. MORETTI. I think in New York City. A friend of mine got arrested for burglary, and I went to court to listen to his trial, and some woman in court—the judge told this woman, he says, "Have you seen anybody else? Look around and see any of his friends."

She picks me out of the courtroom, so I stood there. They brought me before the judge. "Guilty or not guilty?" "Not guilty." So they put me under bail.

Mr. HALLEY. What year was this?

Mr. MORETTI. I don't remember now whether it was 1914 or the early 1915; I don't recollect because when I come out of Elmira in 1914 I had to do a 6-month parole, which I got an absolute release after 6 months, so it must have been in the later part of 1914 or early 1915, I just don't remember.

Mr. SULLIVAN. Mr. Halley, you will have to bear with his memory. The CHAIRMAN. His memory is very good, Mr. Sullivan.

Mr. SULLIVAN. It is good with some things, but it will get confused.

Mr. MORETTI. Well, that instance that you are innocent, you have got to remember regardless of how your memory is.

The CHAIRMAN. It is easy to remember the truth.

Mr. HALLEY. Mr. Moretti, what occurred, what was the disposition of that charge?

Mr. MORETTI. Thrown out of court by Judge Cotillo. He was my lawyer at the time. He went up there and he said, "This man shouldn't even be indicted." The following day after I was picked up in the courtroom they gave me a hearing, and Cotillo represented my case, which he was a supreme court justice when he died, he was a supreme court justice—he was a very good friend of mine. So he got the minutes of the case and went downtown. I think—I forgot the prosecutor's name at that time—they dismissed the case.

Mr. HALLEY. Do you remember any other arrests?

Mr. MORETTI. No, sir.

Mr. HALLEY. Well, wasn't there one in New Jersey where I think you were charged with murder, indicted?

Mr. MORETTI. 1931.

Mr. HALLEY. That is right. And that case was nolle prossed, is that right?

Mr. MORETTI. Nolle prossed; that is right.

Mr. HALLEY. Do you remember the circumstances there?

Mr. MORETTI. Somebody was killed by the name of Brady. He was a good friend of mine. Why they implicated me, I don't know.

Mr. HALLEY. They went so far as to indict you, did they not?

Mr. MORETTI. I was indicted. Joseph Bongiorno and Anthony Sabio was indicted.

Mr. HALLEY. They are good friends of yours, too?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. And you do not know why you were charged?

Mr. MORETTI. I come out on bail of \$35,000. Bail is permissible in Jersey for murder.

Mr. HALLEY. You never did go to trial?

Mr. MORETTI. No, sir.

Mr. HALLEY. Now, Mr. Moretti, I take it you lived in New York until after your conviction and your time in the Elmira Reformatory, and then you went to Philadelphia, is that right?

Mr. MORETTI. After I got the suspended sentence I asked permission to go to Philadelphia.

Mr. HALLEY. Up to that time in New York you were a young man. Do you remember what you did for a living in those days?

Mr. MORETTI. Yes. I started at 25 cents a week for a milkman when I was 5 years old, and I worked until I was arrested for this case that I just told you about in 1913, and I happened to be a fighter, too, them days, and I had to fight for a living. I was a pinboy. I never stood out of work until 1913 when I got arrested of this charge this barber tried to accuse me, because I didn't go to this barber shop. That is the whole story there. Fighting one time, I knocked out a big colored fellow in Longacres downtown; they handed me a bag with a hundred pennies in it.

Mr. HALLEY. What weight did you fight at?

Mr. MORETTI. I fought over in New York.

Mr. HALLEY. What was your weight?

Mr. MORETTI. Paperweight, 97 pounds, and I quit at 121.

Mr. HALLEY. Now, then, you went to Philadelphia. What did you do there for a living?

Mr. MORETTI. I gambled.

Mr. HALLEY. Did you make book?

Mr. MORETTI. Never booked in my life.

Mr. HALLEY. What kind of gambling?

Mr. MORETTI. Just shot craps, that's all. In that time in Philadelphia it was not what it is now. I think New York used to be the same way. All kids gambled to make a living.

Mr. HALLEY. Well, you could not always win; did you book the game?

Mr. MORETTI. Well, I just shot crap; I didn't go to a race track then; that is how I made a living.

Mr. HALLEY. And you had no legitimate business?

Mr. MORETTI. No, sir.

Mr. HALLEY. How long did you stay in Philadelphia, Mr. Moretti?

Mr. MORETTI. Up until this Walker fight law; I thought I was arrested for the Walker fight law. I didn't know there was a charge of highway robbery. I think it was in 1917, wasn't it?

Mr. HALLEY. 1918.

Mr. MORETTI. 1918.

Mr. HALLEY. You gave the name John Moretti there at that time. Did you have any reason for doing that?

Mr. MORETTI. Well, Guarino, they couldn't make it, so I said "Make it John."

Mr. HALLEY. Your true name is Guarino?

Mr. MORETTI. Guarino was my baptismal name, so my school teacher, when I went to school, she changed it to William, not me; I didn't even know what William meant.

Mr. HALLEY. And then at Philadelphia you used John when you were arrested on that highway robbery charge.

Mr. MORETTI. I gave William, and if they put John, I couldn't help it. I couldn't identify that because I had to have a registration card; is that right?

Mr. HALLEY. I don't know.

Mr. MORETTI. Well, maybe I am a little older than you are.

Mr. HALLEY. Did you have a registration card for the draft at that time?

Mr. MORETTI. You had to. I would have been drafted if Governor Whitman wouldn't have drafted a law that he didn't want any convicts in the Army with the clean-living people.

Mr. HALLEY. Did you register for the draft under the name of John or William?

Mr. MORETTI. Guarino. I have got to register under my baptismal name.

Mr. HALLEY. You also used the name of Moore; is that right?

Mr. MORETTI. Right.

Mr. HALLEY. Is that more recent?

Mr. MORETTI. That is more probably 25 years, maybe 30.

Mr. HALLEY. Now, you left Philadelphia after this charge in 1918?

Mr. MORETTI. Yes.

Mr. HALLEY. Where did you go then?

Mr. MORETTI. New York.

Mr. HALLEY. Back to New York?

Mr. MORETTI. Yes.

Mr. HALLEY. How long did you stay in New York after 1918?

Mr. MORETTI. I don't remember—between New York and Buffalo—and I went all over, Newburgh, traveled around, wherever there was a crap game, I was there.

Mr. HALLEY. Just gambling?

Mr. MORETTI. That is all.

Mr. HALLEY. And no other business?

Mr. MORETTI. No.

Mr. HALLEY. When did you first move to New Jersey?

Mr. MORETTI. I moved to New Jersey in 1928, I think; I was married in 1927.

Mr. HALLEY. You decided to settle down in New Jersey; is that it?

Mr. MORETTI. Right.

Mr. HALLEY. In what town in New Jersey did you first live?

Mr. MORETTI. East Paterson.

Mr. HALLEY. East Paterson? At that time did you know Longy Zwillman?

Mr. MORETTI. At that time; no.

Mr. HALLEY. When did you first meet him?

Mr. MORETTI. I met him, oh, around the thirties.

Mr. HALLEY. The thirties?

Mr. MORETTI. Met him at a fight.

Mr. HALLEY. Were you ever in the liquor business?

Mr. MORETTI. Never.

Mr. HALLEY. Never touched that at all?

Mr. MORETTI. No, sir.

Mr. HALLEY. What did you do for a living after you got married and settled down in New Jersey in 1928?

Mr. MORETTI. Race track.

Mr. HALLEY. Did you gamble there or——

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Did you own horses at that time?

Mr. MORETTI. No, sir; never owned horses.

Mr. HALLEY. Have you never owned any horses?

Mr. MORETTI. No, sir.

Mr. HALLEY. You have never made book either, you said?

Mr. MORETTI. No, sir.

Mr. HALLEY. You just would bet your own money on horses?

Mr. MORETTI. That is all.

Mr. HALLEY. Did you always win?

Mr. MORETTI. Most of the time. I got a system of my own.
[Laughter.]

Mr. HALLEY. And your system was your sole source of earning a living; is that right? Would you care to tell the committee what your system is, in general?

Mr. MORETTI. Just play for show; you have got three plays of winning.

Mr. HALLEY. You play for show?

Mr. MORETTI. Yes.

Mr. HALLEY. Well, how do you know which horse to play for show?

Mr. MORETTI. I am a pretty good handicapper.

Mr. HALLEY. You study the racing forms regularly?

Mr. MORETTI. Right.

Mr. HALLEY. Have you ever operated any kind of a gambling game?

Mr. MORETTI. Never.

Mr. HALLEY. You have never had any connection with any whatsoever?

Mr. MORETTI. No, sir.

Mr. HALLEY. We notice that your brother has had various connections with these gambling houses in Lodi, and Paterson, and Palisades, and so forth, but that you do not appear to have any connection with them.

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you any interest, direct or indirect, in those gambling games?

Mr. MORETTI. Only about Tony Guarino.

Mr. HALLEY. Only about Tony Guarino?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Would you explain what that is?

Mr. MORETTI. He had a crap game in Lodi, probably several places.

Mr. HALLEY. Yes.

Mr. MORETTI. He ran gambling.

MR. HALLEY. Did you have any part of his——

MR. MORETTI. No, sir.

MR. HALLEY. What was your interest in Tony Guarino?

MR. MORETTI. I stood up for him when he got married.

MR. HALLEY. He is a very close friend of yours, is that right?

MR. MORETTI. Yes, sir.

MR. HALLEY. And did you help him get this crap game in any way?

MR. MORETTI. No, sir.

MR. HALLEY. He got that crap game by himself, is that right?

MR. MORETTI. Yes, sir; yes.

MR. HALLEY. And he is now serving a prison sentence for running it?

MR. MORETTI. Right.

MR. HALLEY. How is it that he was the only one—you seem to be pretty well informed on affairs in New Jersey—how is it that he is the only one of six or seven people who ran that crap game who was indicted?

MR. MORETTI. I understand the case, that there was a case in New York City that involved Tony Guarino.

MR. HALLEY. Well, there was a case in New York City involving Max Stark, the man who cashed the checks.

MR. MORETTI. That is right, and some witness took the case against Tony Guarino, as I understand it.

MR. HALLEY. You remember the Max Stark case, as I understand it?

MR. MORETTI. Yes, sir.

MR. HALLEY. Do you know Stark?

MR. MORETTI. I know him not too well.

MR. HALLEY. And Stark went to jail for cashing the checks for this crap game?

MR. MORETTI. That is right. I don't know if it was a crap game or not.

MR. HALLEY. Then, Tony Guarino's name came up in that trial, is that right?

MR. MORETTI. I presume so.

MR. HALLEY. Didn't you know——

MR. MORETTI. That is how they got the lead, I think.

MR. HALLEY (continuing). Didn't you know that practically every one of those checks that Max Stark cashed had Jimmy Lynch's signature on the back of it?

MR. MORETTI. I do not know about it.

MR. HALLEY. Would you know if any real deal was made so that Guarino was the only one to go to jail, that he agreed to take the rap for the rest of the boys?

MR. MORETTI. No, sir; I don't think there was a deal made by anybody, and I am pretty well liked in Bergen County, and I should know. It was a legitimate arrest. The landlord squealed on Tony Guarino that he gave in the rent; when they looked up Tony Guarino at home, he went over there, and he got out on bail, and then he went over and confessed the whole deal.

MR. HALLEY. He went to jail, and nobody else got indicted, is that right?

MR. MORETTI. Well, you have got to ask the prosecutor, not me.

Mr. HALLEY. I thought you might know if there was some sort of a deal made.

Mr. MORETTI. No; I don't know of any deal.

Mr. HALLEY. Do you know Rutkin, Jimmy Rutkin?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. A long time.

Mr. HALLEY. Well, 20 or 30 years?

Mr. MORETTI. No, I wouldn't say that long.

Mr. HALLEY. Well, how long would you say?

Mr. MORETTI. Around 22 or 23 years.

Mr. HALLEY. How did you first meet him?

Mr. MORETTI. I met him at a fight also.

Mr. HALLEY. At a fight?

Mr. MORETTI. He is the one who introduced me to Abe Zwillman.

Mr. HALLEY. Who?

Mr. MORETTI. He is the one that introduced me to Abe Zwillman.

Mr. HALLEY. Zwillman?

Mr. MORETTI. Yes.

Mr. HALLEY. And have you been seeing Rutkin recently?

Mr. MORETTI. I seen him here yesterday.

Mr. HALLEY. Did you see him before that recently?

Mr. MORETTI. Well, not since he had been on trial; no.

Mr. HALLEY. Did you know Charley Binaggio?

Mr. MORETTI. No, sir.

Mr. HALLEY. Did you ever see him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Did you ever meet with him in any way?

Mr. MORETTI. Never.

Mr. HALLEY. Did you ever send any message to him about the Rutkin case?

Mr. MORETTI. Never.

Mr. HALLEY. Have you ever been in the Essex House Hotel in Newark?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. You have?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. When were you there last?

Mr. MORETTI. I had my daughters' weddings there.

Mr. HALLEY. Your daughters' weddings?

Mr. MORETTI. Yes; both of them.

Mr. HALLEY. Have you been there since then?

Mr. MORETTI. Since then? No, not too often, once or twice.

Mr. HALLEY. Do you get there once in a while?

Mr. MORETTI. Yes, I know the owner very well.

Mr. HALLEY. Were you there this spring, do you know?

Mr. MORETTI. This spring? I don't think so.

Mr. HALLEY. Around March?

Mr. MORETTI. I don't think so.

Mr. HALLEY. Do you know Vito Genovese?

Mr. MORETTI. I do.

Mr. HALLEY. And of course you know Joe Adonis?

Mr. MORETTI. I do.

Mr. HALLEY. Did you ever sit down with Rutkin and any of those gentlemen to talk about his case?

Mr. MORETTI. Whose case?

Mr. HALLEY. Rutkin's case.

Mr. MORETTI. I had no interest.

Mr. HALLEY. At no time?

Mr. MORETTI. No time.

Mr. HALLEY. You never made any efforts to try to settle the Rutkin case?

Mr. MORETTI. No, sir.

Mr. HALLEY. Did you ever talk to Rutkin about trying to settle the case?

Mr. MORETTI. No, sir; I did not.

Mr. HALLEY. And you never talked with or sent any message to Charley Binaggio about an effort to settle the Rutkin case?

Mr. MORETTI. I never sent a message. I don't know him.

Mr. HALLEY. Well, in some way you might have found somebody who did know him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Well, let us see. You know Frank Costello, of course?

Mr. MORETTI. Very well.

Mr. HALLEY. Do you know any of the people who gamble in Chicago like Tony Accardo? Do you know him?

Mr. MORETTI. Slightly.

Mr. HALLEY. Did you know Charley Fischetti?

Mr. MORETTI. I know him very well, about 20 years or so or more.

Mr. HALLEY. And Rocco Fischetti?

Mr. MORETTI. Rocco, just slightly.

Mr. HALLEY. How did you meet Charley Fischetti?

Mr. MORETTI. On racetracks, Florida.

Mr. HALLEY. Did you ever meet Tony Gizzo?

Mr. MORETTI. Don't know him from Adam.

Mr. HALLEY. Do you know Tony Gizzo?

Mr. MORETTI. No.

Mr. HALLEY. Do you know Lanza?

Mr. MORETTI. Who is Lanza?

Mr. HALLEY. Jack Lanza. You do not know him at all?

Mr. MORETTI. Jack who?

Mr. HALLEY. L-a-n-z-a.

Mr. MORETTI. Jack Lanza? No. Where is he from?

Mr. HALLEY. He is from New York.

Mr. MORETTI. I don't know Jack Lanza; do you mean Joe Lanza?

Mr. HALLEY. Joe Lanza.

Mr. MORETTI. Yes.

Mr. HALLEY. Do you know him?

Mr. MORETTI. I know him very well.

Mr. HALLEY. How long do you know him?

Mr. MORETTI. A long time.

Mr. HALLEY. How long would you say?

Mr. MORETTI. Twenty years.

Mr. HALLEY. Do you know Jack Dragna?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. How long do you know Jack Dragna?

Mr. MORETTI. Probably 30 years.

Mr. HALLEY. Where did you first meet him?

Mr. MORETTI. In Harlem.

Mr. HALLEY. In Harlem?

Mr. MORETTI. When I lived in Harlem.

Mr. HALLEY. Was he in the gambling business, too?

Mr. MORETTI. I don't know what he does.

Mr. HALLEY. When have you last seen him?

Mr. MORETTI. Oh, probably 6 months ago.

Mr. HALLEY. Where did you see him 6 months ago?

Mr. MORETTI. In New York.

Mr. HALLEY. Did you talk to him?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Did he talk to you about the wire service?

Mr. MORETTI. Don't have to talk to me about no wire service because I don't know anything about it.

Mr. HALLEY. Well, did he mention it to you?

Mr. MORETTI. No, sir.

Mr. HALLEY. Where did you see him in New York?

Mr. MORETTI. One of the restaurants; I just don't remember what restaurant. I go to several restaurants to eat.

Mr. HALLEY. At Bruno's.

Mr. MORETTI. Probably at the Villanova or one of those restaurants.

Mr. HALLEY. Did you meet him at Bruno's?

Mr. MORETTI. I don't think I met him in Bruno's; I went there twice since it opened, two or three times.

Mr. HALLEY. Where do you think you might have met him?

Mr. MORETTI. One of the restaurants in New York; I eat all over in New York.

Mr. HALLEY. Who else was there when you met him?

Mr. MORETTI. I met him alone.

Mr. HALLEY. What did he do? Did he call you up first?

Mr. MORETTI. I didn't know he was there; it was an accidental meeting.

Mr. HALLEY. You were there alone?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. He did not call you first?

Mr. MORETTI. I was there about 10 minutes, because I had an appointment.

Mr. HALLEY. Do you know Joe Profaci?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. About 15, 20 years.

Mr. HALLEY. Have you ever had any business dealings with him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know Vincent Mangano?

Mr. MORETTI. Who?

Mr. HALLEY. Mangano.

Mr. MORETTI. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. About 25 years.

Mr. HALLEY. Have you had any business dealings with him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Were either of them at your daughters' weddings at the Essex House?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Both of them?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Was Vito Genovese there?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Was Frank Costello there?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Joe Adonis ?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Was Mike Lascari there?

Mr. MORETTI. What?

Mr. HALLEY. Mike Lascari.

Mr. MORETTI. Yes, sir; his family—his daughter was one of my daughter's bridesmaids.

Mr. HALLEY. He was there, and she was one of your daughter's bridesmaids?

Mr. MORETTI. Yes.

Mr. HALLEY. Was Longy Zwillman there?

Mr. MORETTI. Yes, sir; with his wife.

Mr. HALLEY. Are Lascari and Zwillman partners in a tobacco or cigarette vending business?

Mr. MORETTI. I don't know; I think they are in a cigarette business together. I am just presuming.

Mr. HALLEY. In this cigarette vending business, isn't that right?

Mr. MORETTI. Yes.

Mr. HALLEY. In New York?

Mr. MORETTI. New York? I don't know anything about New York; I know about Jersey; I don't know anything about New York.

Mr. HALLEY. They are in the cigarette business in New York?

Mr. MORETTI. Yes.

Mr. HALLEY. I think they call it the Public Service Tobacco Co., is that right?

Mr. MORETTI. That is right; I think so.

Mr. HALLEY. Did you ever know Joseph DiGiovanni?

Mr. MORETTI. Who?

Mr. HALLEY. DiGiovanni.

Mr. MORETTI. DiGiovanni?

Mr. HALLEY. He lives in Kansas City. He is in the liquor business there, the wholesale liquor business.

Mr. MORETTI. Giovanni?

Mr. HALLEY. DiGiovanni.

Mr. MORETTI. I think you have got the wrong name; you don't mean D'Agostino, he is dead.

Mr. HALLEY. Did you know him?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. He lived in Kansas City.

Mr. MORETTI. Well, no, this fellow lived in Atlantic City, not Kansas City.

Mr. HALLEY. No, that is not the one I have in mind. I am thinking of a man who lives in Kansas City.

Mr. MORETTI. No; I have never been there.

Mr. HALLEY. You have never been there?

Mr. MORETTI. I have never been to Kansas City.

Mr. HALLEY. Do you know anybody by the name of James Bales-trere in Kansas City?

Mr. MORETTI. No, sir.

Mr. HALLEY. Did you know Girolamo Adamo, they sometimes call him Mo Mo Adamo, who works with Jack Dragna?

Mr. MORETTI. I don't think I do; probably may know him under a different name.

Mr. HALLEY. Do you know Sam Parrolla?

Mr. MORETTI. No, sir.

Mr. HALLEY. Or Frank Capolla?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know Frank Milano?

Mr. MORETTI. Oh, 25 years.

Mr. HALLEY. Where did you meet him?

Mr. MORETTI. Oh, a long time ago, in New York.

Mr. HALLEY. In what connection?

Mr. MORETTI. No connection whatsoever, just a friendship.

Mr. HALLEY. How did you form it?

Mr. MORETTI. I form it; he comes in the same part of Italy my people come from.

Mr. HALLEY. Well, aren't these people we have been talking about, like Rocco Fischetti and Frank Milano and Joe Adonis and several of the others, what you would call rackets boys? I mean, aren't they fellows who were in the rackets?

Mr. MORETTI. Well I don't know if you would call it rackets.

Mr. HALLEY. How would you put it?

Mr. MORETTI. Jeez, everything is a racket today. [Laughter.]

Mr. HALLEY. Well, what do you mean by that?

Mr. MORETTI. Everybody has a racket of their own.

Mr. HALLEY. Well, some of them are lawful and some are not. Are these fellows in the gambling racket? Would you call it that way?

Mr. MORETTI. If you want to call it a racket, call the race track a racket, too; that is legitimate, isn't it?

Mr. HALLEY. Well we are talking about illegitimate rackets. Let us confine it to illegitimate rackets.

Mr. MORETTI. The stock market is a racket, too.

Mr. HALLEY. Well, it is legal, is it not?

Mr. MORETTI. Well why not make everything legal; let the Government control it.

Mr. HALLEY. Well, that is a proposal you might want to make, but at the moment, you do understand that running a crap game, for instance, is not legal.

Mr. MORETTI. In some parts it is legal; yes.

Mr. HALLEY. Except in the State of Nevada.

Mr. MORETTI. Right.

Mr. HALLEY. And are the people we have been talking about people who have been known to be fellows who are in the various illegal rackets?

Mr. MORETTI. I can't answer that; I don't ask people's business.

Mr. HALLEY. Do you know of any legitimate business any of these people were in, Mr. Moretti?

Mr. MORETTI. Frank Costello claims he is in—owns some buildings on Wall Street.

Mr. HALLEY. Well, I had carefully refrained from mentioning his name at that point. Why do you bring him up? Is he in the same group?

Mr. MORETTI. You mentioned his name, too; that is the only one that I know has the building on Wall Street. I don't know what the other ones do.

Mr. HALLEY. I had not mentioned his name in that group, but you think of him automatically, I gather.

Mr. MORETTI. Yes; I know him so well.

Mr. HALLEY. When I talk about Adonis and these others; is that right?

Mr. MORETTI. That is right.

Mr. HALLEY. You know Frank Costello pretty well?

Mr. MORETTI. Pretty well.

Mr. HALLEY. And his business is owning buildings, real estate?

Mr. MORETTI. Well, only when you used to battle with the slot machines in New York; everybody knows that.

Mr. HALLEY. He used to be in the slot-machine business?

Mr. MORETTI. You know that, too. You know that if you are from New York.

Mr. HALLEY. He is still in the gambling business in New Orleans?

Mr. MORETTI. I don't know that.

Mr. HALLEY. He testified to that.

Mr. MORETTI. I don't know that; I have not been in New Orleans in 15 years.

Mr. HALLEY. Do you know Phil Kastel?

Mr. MORETTI. I know him pretty well.

Mr. HALLEY. I think it is pretty well known that Phil Kastel and Frank Costello are in the gambling business in the Beverly Club.

Mr. MORETTI. I don't know; I can't answer that.

Mr. HALLEY. Have you ever been in Florida?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Where do you stay when you go to Florida?

Mr. MORETTI. Different hotels, Versailles, Raleigh, stopped at the Wofford a couple of times.

Mr. HALLEY. In what years did you stop at the Wofford?

Mr. MORETTI. Oh, probably 1946 or 1947.

Mr. HALLEY. You mean when Abe Allenberg was running it?

Mr. MORETTI. No; Abe Allenberg wasn't there, I don't think.

Mr. HALLEY. Do you know Abe Allenberg?

Mr. MORETTI. Yes; slightly.

Mr. HALLEY. Who was owning it at that time, Little Angie Pisano?

Mr. MORETTI. I don't know whether he ran it or not.

Mr. HALLEY. He was one of the owners?

Mr. MORETTI. He has been there quite often.

Mr. HALLEY. You know him pretty well?

Mr. MORETTI. Yes; I do.

Mr. HALLEY. Do you know Johnny King?

Mr. MORETTI. Very well.

Mr. HALLEY. Tell me, do you know Al Polizzi?

Mr. MORETTI. I know him well.

Mr. HALLEY. These people come from a great many different cities around the country; Frank Milano is from Cleveland, Polizzi is from Detroit, Big Boy, they are from Cleveland, and so on down the line. How do you get to meet all of these people from all over the country?

Mr. MORETTI. Well, you go to race tracks and you go to Florida, and you meet them; and a man that is well known meets everybody; you know that.

Mr. HALLEY. Are these people you are thinking of when you are talking about the mob?

Mr. MORETTI. Well, the newspapers calls them the mob. I don't know whether they are right or wrong. If they would be right, everybody would be in jail; is that right?

Mr. HALLEY. Is that what you mean when you say the mob, these fellows that you meet at the race tracks and gambling places?

Mr. MORETTI. People are mobs that makes 6 percent more on the dollar than anybody else does.

Mr. HALLEY. I am sorry; I just did not hear that.

Mr. MORETTI. They call anybody a mob who makes 6 percent more on money.

Mr. HALLEY. You mean these people are called a mob because they make more money?

Mr. MORETTI. That is right. What would you call them, anything else?

Mr. HALLEY. I do not know. What do you mean when you say they make more money?

Mr. MORETTI. They gamble, they go to the race tracks and go such places; the income tax shows what they file for.

Mr. HALLEY. I am interested in your views, Mr. Moretti, because I think if you spoke to most of the people in this room, you would find that, when they gamble or go to the race track, they expect to lose their money.

Mr. MORETTI. Well, they don't know how to gamble.

Mr. HALLEY. Well then, the men of the mob are the people who know how to gamble; is that what you say?

Mr. MORETTI. Well, what makes lawyers different than others? One is smarter than the other; is that right?

Mr. HALLEY. And you think these fellows are smarter than the other people?

Mr. MORETTI. They try, and they try everything; I don't know what they do.

Mr. HALLEY. Of course, they are outside the law in their activities. That may be one reason why they make more money; is that right?

Mr. MORETTI. Probably it is one of the reasons, I don't know.

Mr. HALLEY. Are you considered one of the mob, I mean—you know what I mean?

Mr. MORETTI. I don't know what you mean about a mob. I can't understand that mob business.

Mr. HALLEY. Well, for instance, take Duke's Restaurant.

Mr. MORETTI. Yes.

Mr. HALLEY. That is sort of a place where you can go and meet people of the kind we have been talking about, who you would be apt to know and recognize; is that right?

Mr. MORETTI. Well, I would class Duke's Restaurant like Lindy's on Broadway; there is no difference.

Mr. HALLEY. Well, what do you mean by that?

Mr. MORETTI. Because they get good meals there, and you hang around there like every place else does. I go there quite often; probably people come over and see me.

Mr. HALLEY. Well, who do you have in mind who would go there? Wouldn't they be people who expect to see you?

Mr. MORETTI. There is no sign there to put up, "No admittance"; it is an open place.

Mr. HALLEY. Well, where is Duke's located? Is it on a main street?

Mr. MORETTI. It is on Palisades Avenue, across the way from Palisades Park.

Mr. HALLEY. Do they have a big sign there saying "Duke's"?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. And it has a big garage there nearby, does it not?

Mr. MORETTI. Not in that street.

Mr. HALLEY. Two doors away, where you can park your car?

Mr. MORETTI. Not in that street. They can park all over there. There is big parking facilities in the park.

Mr. HALLEY. Do you ever eat lunch there?

Mr. MORETTI. Quite often.

Mr. HALLEY. And when you go there for lunch, do you generally meet friends?

Mr. MORETTI. Whoever comes in and looking for somebody, I am there; I am there all the time.

Mr. HALLEY. And there would be a lot of these other people who are smarter than other people and make 6 percent more on their money who are generally there for their lunch; is that right?

Mr. MORETTI. How can I answer that? I don't ask people their business.

Mr. HALLEY. Tell me some of the people you meet there for lunch at Duke's Restaurant.

Mr. MORETTI. A lot of people come in there.

Mr. HALLEY. Well, did you ever meet Jimmy—

Mr. MORETTI. To me they are all legitimate, from the way I look at it.

Mr. HALLEY. That is obvious. I am sure you would not do it if you did not feel that way. But let us see who they are. Do you ever meet Jimmy Rutkin there?

Mr. MORETTI. You mention some of the names there, and I will answer you.

Mr. HALLEY. I just mentioned a name—Jimmy Rutkin.

Mr. MORETTI. I don't think he was ever there.

Mr. HALLEY. He was never there?

Mr. MORETTI. Never there.

Mr. HALLEY. Gerry Catena; you have seen him there?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Guarino?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. You have seen him there?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Have you ever seen Longy Zwillman there?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Have you ever seen Joe Doto there?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. And have you seen Vito Genovese there?

Mr. MORETTI. Well, not too often. I think once in awhile.

Mr. HALLEY. Once in awhile?

Mr. MORETTI. After all, this fellow is only back from Italy, I think, in 1947 or 1946; been away from this country about 10 or 12 years.

Mr. HALLEY. He was there before the war, until about 1946 or 1947; is that right?

Mr. MORETTI. Yes; he was away; was arrested, I think, for murder in Italy, and brought back to Brooklyn.

Mr. HALLEY. You knew Lucky Luciano, I suppose?

Mr. MORETTI. Very well.

Mr. HALLEY. When you say "very well," what do you mean?

Mr. MORETTI. A good friend of mine.

Mr. HALLEY. Did you ever have any business dealings with him?

Mr. MORETTI. No business whatsoever.

Mr. HALLEY. What was his business?

Mr. MORETTI. I can't answer that.

Mr. HALLEY. Well, here is a man you knew very well.

Mr. MORETTI. Well, he is a gambler at the race tracks like everybody else that I know.

Mr. HALLEY. Have you seen him in the last 5 years?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Where?

Mr. MORETTI. Cuba.

Mr. HALLEY. Did you go down there to see him?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Who did you go with?

Mr. MORETTI. Myself and two other fellows.

Mr. HALLEY. Who were they?

Mr. MORETTI. Vincent Mangano and Gerry Catena.

Mr. HALLEY. How long did you stay there?

Mr. MORETTI. About 5 or 6 days.

Mr. HALLEY. When you went there, did you see any other people there besides Lucky Luciano?

Mr. MORETTI. No; just a couple of Cubans—couldn't even talk to them.

Mr. HALLEY. No other people from this country were there?

Mr. MORETTI. No, sir.

Mr. HALLEY. Did you ever send or give Lucky Luciano any money?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know if anyone did? Do you know anyone who did?

Mr. MORETTI. I don't.

Mr. HALLEY. Why did you go down there to see him?

Mr. MORETTI. Because he is a friend of mine.

Mr. HALLEY. Just friendly?

Mr. MORETTI. Yes.

Mr. HALLEY. How did you happen to go with Vincent Mangano?

Mr. MORETTI. He is a friend of his, too.

Mr. HALLEY. And you and Mangano are very good friends?

Mr. MORETTI. He has a couple of sons, lawyers, Mr. Mangano.

Mr. HALLEY. Where are these lawyers?

Mr. MORETTI. In Brooklyn.

Mr. HALLEY. In Brooklyn?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. What was Gerry Catena doing on the trip?

Mr. MORETTI. He knows Lucky well, too. We happened to be in Florida, and I took him along with me. I wanted to see Charlie Lucky, so they volunteered, just on a friendly basis.

Mr. HALLEY. And you never did know what Lucky did for a living?

Mr. MORETTI. At the race tracks, sir.

Mr. HALLEY. I see; you think he just gambled?

Mr. MORETTI. Race tracks every day.

Mr. HALLEY. Any slot machines?

Mr. MORETTI. I don't know of any slot machines.

Mr. HALLEY. Any numbers or policy?

Mr. MORETTI. No, sir; I don't know about that.

Mr. HALLEY. Who were some of the other people who were at this Duke's? Did Arthur Longano ever go there, Frank Pfahler?

Mr. MORETTI. Now and then.

Mr. HALLEY. Pete Laplace?

Mr. MORETTI. Quite often.

Mr. HALLEY. How about the Golden boys, Ben Golden?

Mr. MORETTI. Now and then.

Mr. HALLEY. Mark Golden?

Mr. MORETTI. Now and then.

Mr. HALLEY. Joe Stacci?

Mr. MORETTI. Who?

Mr. HALLEY. Joe Stacci.

Mr. MORETTI. Who is Joe Stacci?

Mr. HALLEY. Don't you know Joe Stacci?

Mr. MORETTI. I don't think so. Maybe I know him under a different name.

Mr. HALLEY. You may know him by the name of Rosen.

Mr. MORETTI. Doc Rosen?

Mr. HALLEY. Yes. You know him. Did he ever go there?

Mr. MORETTI. Quite often.

Mr. HALLEY. Does Frank Costello go there?

Mr. MORETTI. Not too often.

Mr. HALLEY. But he is there once in a while; is that right?

Mr. MORETTI. Yes.

Mr. HALLEY. Now, what do you people talk about at Duke's? Do you just pass the time of the day or is any business done?

Mr. MORETTI. Just pass the time of day; no business transactions.

Mr. HALLEY. None at all?

Mr. MORETTI. None.

Mr. HALLEY. How often in the course of a week do you go to Duke's ordinarily?

Mr. MORETTI. Three, four times a week probably.

Mr. HALLEY. Around lunch time?

Mr. MORETTI. Maybe earlier.

Mr. HALLEY. And you stay, generally, 2 or 3 hours?

Mr. MORETTI. Probably.

Mr. HALLEY. Do you make bets there?

Mr. MORETTI. If the race track is open there, I would leave there and go to the race track.

Mr. HALLEY. Would you have a bet there with the people there or do you sit around and——

Mr. MORETTI. No.

Mr. HALLEY. Just talk with these people?

Mr. MORETTI. Yes.

Mr. HALLEY. Are there any other people in that connection with respect to the people we have just been talking about, who frequent Duke's?

Mr. MORETTI. I didn't hear that question.

Mr. HALLEY. Are there any other people that you would like to tell me about who you see at Duke's?

Mr. MORETTI. I think I told you enough. [Laughter.]

Mr. HALLEY. Who was Tony Strolla? Do you know him?

Mr. MORETTI. Tony Strolla?

Mr. HALLEY. Yes. They sometimes call him Tony Bender.

Mr. MORETTI. Yes; I know him well.

Mr. HALLEY. Do you know him?

Mr. MORETTI. He lives in Cliffside.

Mr. HALLEY. He knew Charlie Binaggio very well?

Mr. MORETTI. I can't answer for him.

Mr. HALLEY. Did you ever talk to him about Charlie Binaggio?

Mr. MORETTI. No, sir. Only probably you read in the papers when something happens like that, an outstanding feature, everybody talks about it.

Mr. HALLEY. Did he go to Duke's, too?

Mr. MORETTI. Charlie Binaggio? I couldn't answer that.

Mr. HALLEY. Not Charlie Binaggio; Strolla.

Mr. MORETTI. Tony Bender, yes.

Mr. HALLEY. Did Nick Reginalli go to Duke's?

Mr. MORETTI. Yes, sir; not too often.

Mr. HALLEY. Reginalli, from Atlantic City?

Mr. MORETTI. I know him well.

Mr. HALLEY. Would he go to Duke's on occasion?

Mr. MORETTI. Occasionally, yes.

Mr. HALLEY. You would see him there?

Mr. MORETTI. Yes, sir; he is a friend of mine.

Mr. HALLEY. Now, how about Nig Rosen from Philadelphia?

Mr. MORETTI. He has been there quite often.

Mr. HALLEY. He has been to Duke's quite often, too?

Mr. MORETTI. Yes.

Mr. HALLEY. And Pat Massey, from Camden?

Mr. MORETTI. Patsy?

Mr. HALLEY. Yes.

Mr. MORETTI. Yes.

Mr. HALLEY. By the way, did you know the other Massey who was in Florida, Joe Massey?

Mr. MORETTI. Yes, I do.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. About 25 years.

Mr. HALLEY. He originally came from Detroit; is that right?

Mr. MORETTI. Right.

Mr. HALLEY. Where did you meet him?

Mr. MORETTI. Florida.

Mr. HALLEY. Did you know Al Anastasia?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. MORETTI. About 25 years.

Mr. HALLEY. Have you had any business dealings with him?

Mr. MORETTI. No, sir.

Mr. HALLEY. What is his business?

Mr. MORETTI. I can't answer.

Mr. HALLEY. How about Frank Barrata?

Mr. MORETTI. What?

Mr. HALLEY. Frank Barrata, do you know him?

Mr. MORETTI. Frank who?

Mr. HALLEY. B-a-r-r-a-t-a.

Mr. MORETTI. Barrata? I don't get the name.

Mr. HALLEY. Did you know Paul the Barber; they call him Paul DeLucia, from Chicago?

Mr. MORETTI. Paul——

Mr. HALLEY. Yes. He is sometimes called Paul Ricca, too.

Mr. MORETTI. I think I met him.

Mr. HALLEY. The chairman says it is Paul the Waiter.

Mr. MORETTI. I think I met him once or twice.

Mr. HALLEY. Where did you meet him?

Mr. MORETTI. Probably in New York or at a race track. You meet a lot of people at the race track.

Mr. HALLEY. And you have never gone to Chicago, yourself?

Mr. MORETTI. Yes; been there a couple of times.

Mr. HALLEY. You have? Did you know Al Capone?

Mr. MORETTI. I knew him very well.

Mr. HALLEY. When did you first meet Al?

Mr. MORETTI. Around 1922 or 1923.

Mr. HALLEY. Did you ever stop at that hotel that he had his headquarters at?

Mr. MORETTI. Never been there.

Mr. HALLEY. The Lexington Hotel?

Mr. MORETTI. I have never been there.

Mr. HALLEY. How did you get to meet Al?

Mr. MORETTI. At a race track.

Mr. HALLEY. Who introduced you?

Mr. MORETTI. Listen, well-charactered people, you don't need introductions; you just meet automatically.

Mr. HALLEY. Let us get this again. Well-charactered people, you say——

Mr. MORETTI. Don't need introductions; they meet automatically.

Mr. HALLEY. In other words, if you are a person prominent in the mob, you just meet automatically.

Mr. MORETTI. Don't have to be a mob.

Mr. SULLIVAN. I object. I do not think he said prominent in the mob. Mr. Moretti has tried to be very honest.

Mr. HALLEY. That was a statement, not a question.

Isn't that what it adds up to when you talk about people we have been talking about, you do automatically meet them?

Mr. MORETTI. Automatically, you meet, yes.

Mr. HALLEY. And the group of people we have been talking about are in various businesses where they can make a little more money than the next fellow makes; isn't that correct?

Mr. MORETTI. They will have to answer that question for themselves; I only answer for myself.

Mr. HALLEY. I think you said where they can make 6 percent more than anybody else, isn't that right?

Mr. MORETTI. Yes.

Mr. HALLEY. And the businesses generally have to do with gambling or some other type of illegitimate activity?

Mr. MORETTI. That is only my opinion.

Mr. HALLEY. That is good enough.

Mr. SULLIVAN. Mr. Halley, I do not think from the testimony of the witness that has been characterized as illegitimate. He has not said that any of these people have carried on illegitimate businesses. He has merely stated they go to the race track and gamble, and that they make their money in manners where they are able by their smartness to go out to the race track or some other form of gambling, and make money. He does not say that it is illegitimate.

Mr. HALLEY. Thank you. I think the record will speak for itself. It is a public record, and we can both read it later and see what it says.

Do you know Tony Accardo? I think you mentioned you do.

Mr. MORETTI. I think I mentioned; I am not sure.

Mr. HALLEY. Were you ever on his boat down in Florida? He has a yacht down there.

Mr. MORETTI. I don't think I know he has got a yacht. If he has got another name, I maybe know him. Has he got another name?

Mr. HALLEY. Tony Accardo—Joe Batters.

Mr. MORETTI. I met him a few times; he has got a boat. George knows everybody.

Mr. HALLEY. He knows you pretty well.

Mr. MORETTI. A good friend of mine.

Mr. HALLEY. And from time to time you talked to George, is that right?

Mr. MORETTI. I say "Hello" to him; that is all I can say to him.

Mr. HALLEY. Well, we are talking about George White, for the record; George White is a well-known member of the Narcotics Bureau staff, is he not?

Mr. MORETTI. Yes.

Mr. HALLEY. And sometimes he needs information about these people who I have been calling the mob, isn't that right?

Mr. MORETTI. That is his business, not mine.

Mr. HALLEY. And he comes to various people in an effort to get it, is that right?

Mr. MORETTI. Sometimes; who wants to volunteer it? I know I never volunteered any to him yet.

Mr. HALLEY. I am sure of that; I believe he tried.

Mr. MORETTI. He tries hard, I will tell you that.

Mr. HALLEY. And you are one of the people with whom he tries, is that right?

Mr. MORETTI. He has tried, but he was not so successful, because I don't know anything.

Mr. HALLEY. We will say for the record that he has done pretty well, in general.

Mr. MORETTI. That is right.

Mr. HALLEY. You do know Tony Accardo then, Joe Batters?

Mr. MORETTI. Right.

Mr. HALLEY. And you have seen him a few times?

Mr. MORETTI. That is right.

Mr. HALLEY. In Chicago, too?

Mr. MORETTI. No, never.

Mr. HALLEY. Just from Florida?

Mr. MORETTI. Florida.

Mr. HALLEY. Were you in Florida last year?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Do you know Harry Russell?

Mr. MORETTI. Who?

Mr. HALLEY. Harry Russell.

Mr. MORETTI. I read about him in the paper; I met so many people, I don't know if I met him in New York.

Mr. HALLEY. He is the bookie in Chicago who went down and got into the S. & G. syndicate.

Mr. MORETTI. Only what I read in the newspapers.

Mr. HALLEY. You never met him?

Mr. MORETTI. I don't think so.

Mr. HALLEY. Do you ever go to the dog track?

Mr. MORETTI. Now and then.

Mr. HALLEY. Did you ever meet Johnston, William Johnston, who runs it?

Mr. MORETTI. I don't know.

Mr. HALLEY. Did you know John Patton?

Mr. MORETTI. I think I met him once or twice.

Mr. HALLEY. Where did you meet him?

Mr. MORETTI. At the dog track, I think.

Mr. HALLEY. He is one of the owners of the dog track?

Mr. MORETTI. I can't answer that.

Mr. HALLEY. Who introduced you to Patton?

Mr. MORETTI. I just told you before, a man with character means everything; everybody that is character, they meet one another, automatically they meet.

Mr. HALLEY. What kind of character are you referring to?

Mr. MORETTI. They don't need introduction. A man that is well known, they don't need introduction.

Mr. HALLEY. What kind of character, good or bad character?

Mr. MORETTI. A man that is well known. How do you get well known, when you get write-ups.

Mr. HALLEY. Just how do you mean? How does it work; can you sort of draw a picture?

Mr. MORETTI. I can't draw a picture there.

Mr. HALLEY. Well, suppose you went to the track and, for instance, let us take somebody from California that you say you have never met, Adamo, for instance, Mo Mo Adamo; suppose you went to the track and he happened to be there. How would you meet him?

Mr. MORETTI. Probably somebody pointing you out, saying, "That's Willie Moore," and he points you out.

Mr. HALLEY. You are pretty well known, so if you go to the track they would surround you?

Mr. MORETTI. That is right; they surround me like they surround Jimmy Durante; they surround me because I win all of the time.

Mr. HALLEY. They surround you because you win most of the time?

Mr. MORETTI. Most of the times I do.

Mr. HALLEY. And you know lots of people?

Mr. MORETTI. I know lots of people.

Mr. HALLEY. Have you got lots of influence in New Jersey? Are you known as a man with influence?

Mr. SULLIVAN. I really don't think he can answer that question, "Are you known as a man of influence in New Jersey," and I don't think he really understands it.

The CHAIRMAN. Mr. Sullivan, let us say political influence.

Mr. SULLIVAN. We understand that better than just influence.

Mr. MORETTI. Will you ask that question again, please?

Mr. HALLEY. Are you known as somebody with political influence in New Jersey?

Mr. MORETTI. Everybody thinks so, anyhow.

Mr. HALLEY. Do you think so?

Mr. MORETTI. I know a lot of people.

Mr. HALLEY. Do you know many politicians?

Mr. MORETTI. A lot of them.

Mr. HALLEY. Do you know people who are now in office?

Mr. MORETTI. A lot of them.

Mr. HALLEY. Well, who are some of your friends who are prominent?

Mr. MORETTI. I don't care to reveal their names right at present.

Mr. HALLEY. Let us try. Who are some that you know?

Mr. MORETTI. Well, one I know real well is Congressman Towe who was the deputy attorney general when I was nolle prossed in my murder case; I can't deny knowing him.

Mr. HALLEY. Well, who else do you know very well?

Mr. MORETTI. Well, a lot of other people; I don't care to mention any names.

Mr. HALLEY. Have you ever known any prosecutors, any district attorneys?

Mr. MORETTI. Yes, I know Johnny Basnone; he was my lawyer when I had my murder case in Bergen County.

Mr. HALLEY. Who else do you know?

Mr. MORETTI. I don't care to mention any names.

Mr. HALLEY. Do you belong to any political clubs?

Mr. MORETTI. I like to know who doesn't that is well known.

Mr. HALLEY. Well, do you belong to any?

Mr. MORETTI. I don't belong to any; I am a bipartisan.

Mr. HALLEY. You are bipartisan? [Laughter.]

Mr. MORETTI. Yes.

Mr. HALLEY. In other words, you know politicians in both parties; is that right?

Mr. MORETTI. Both parties, right.

Mr. HALLEY. Do you make that a part of your business to do that?

Mr. MORETTI. Part of my character, not business.

Mr. HALLEY. You just like to know politicians?

Mr. MORETTI. That is right.

Mr. HALLEY. And it comes in handy to know them, too?

Mr. MORETTI. Well, I don't know; I can't answer that. It ain't so handy when there is a fellow I know real well, he is in the can doing 1 to 3 years on a gambling charge.

Mr. HALLEY. You mean Guarino?

Mr. MORETTI. Yes.

Mr. HALLEY. You did not expect him not to go to the can?

Mr. MORETTI. If I knew somebody I would try to pull a wire.

Mr. HALLEY. How would you expect him not to go to the can after it came out in the New York case?

Mr. MORETTI. That is what I heard, he pleaded guilty.

Mr. HALLEY. Do you think if the case had not been brought up in New York he would never have gone to jail?

Mr. MORETTI. Who knows? He claims he has been running without protection here and there, and a man pays protection can't get arrested, I don't think.

Mr. HALLEY. Have you ever made any political contributions?

Mr. MORETTI. I refuse to answer that.

Mr. HALLEY. Well, let us make sure we know what we are talking about.

Mr. MORETTI. I don't think it has anything to do with this investigation.

Mr. HALLEY. The committee has to make that decision, Mr. Moretti, and I must say, I think you have been trying to answer the questions frankly and fully, and I would not like to see us get into a dispute at this point if we can help it.

Mr. MORETTI. I have been very good to you.

Mr. HALLEY. Well, you have not been good to me; you have been good to yourself, just remember that. This is serious business, so let us try to go slowly and think about it.

(Witness confers with counsel.)

The CHAIRMAN. Well, Mr. Moretti, tell us how you operate politically.

Mr. MORETTI. I don't operate politically. If I was, I would be a Congressman here, maybe sitting where you are. [Laughter.]

The CHAIRMAN. If you are a good operator, you might some day.

Mr. MORETTI. If it was not for my first conviction I would be where you are now. That is how lucky I have been with my life.

The CHAIRMAN. If it had not been for your what?

Mr. MORETTI. My first conviction.

The CHAIRMAN. You do not think your subsequent convictions had anything to do with it?

Mr. SULLIVAN. Senator, he has not had subsequent; there are only two convictions there.

The CHAIRMAN. I beg your pardon.

Mr. SULLIVAN. Mr. Moretti really believes, Senator, that if he did not get this start in Harlem—if you know the story of his early life up there in that community, which I think Mr. Halley knows about—that community Mr. Halley knows about—I think Mr. Moretti might have gone far in that fashion.

The CHAIRMAN. I think that is right; I think it is correct that when a fellow gets started in the wrong way it is hard to get back to the track.

Mr. SULLIVAN. Well, he has gotten back to the right track, Senator.

The CHAIRMAN. How difficult is it, Mr. Moretti, when you got a first conviction, and you got associated with the wrong sort of people, to get yourself loose—

Mr. MORETTI. I don't think I associated with the wrong kind of people, Senator; I know all kinds of people.

The CHAIRMAN. Well, Mr. Halley has read a lot of people that we have heard a lot about. You do not think they were the wrong people?

Mr. MORETTI. In my estimation I think they were all good people.

The CHAIRMAN. Good people?

Mr. MORETTI. I think bad people should be behind bars. They are not behind bars yet.

The CHAIRMAN. I grant you a lot of them are still out, Mr. Moretti.

Now, the question was whether any substantial political contributions that you have made. That is a proper question.

Mr. MORETTI. I never made any.

The CHAIRMAN. Never made any?

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you ever taken part in a political campaign for a political candidate?

Mr. MORETTI. Well, through friendly sources, yes.

Mr. HALLEY. You have urged people to vote for one candidate or another?

Mr. MORETTI. People ask my opinion, "Who's the right candidate?" I give them my opinion. A lot of people respect my opinion.

Mr. HALLEY. Did you ever make small contributions to political campaigns?

Mr. MORETTI. I never made no contributions.

Mr. HALLEY. None at all?

Mr. MORETTI. Only my voice.

Mr. HALLEY. Why did you refuse to answer it originally if the answer was that simple?

Mr. MORETTI. The what?

Mr. HALLEY. Why did you originally refuse to answer that question? You could have just said you did not do it.

Mr. SULLIVAN. I do not think he really understood you clearly.

Mr. MORETTI. I didn't understand you. I am hard of hearing a little bit.

Mr. HALLEY. I think you understood me, Mr. Moretti.

Mr. MORETTI. What question is that?

Mr. HALLEY. When I asked you if you had ever made any political contributions and you refused to answer. I really think you understood me.

Mr. MORETTI. I never made no political contributions.

Mr. HALLEY. The present question is, Why did you refuse to answer it originally if you never made any? That would have been a nice, simple answer.

Mr. MORETTI. I don't think I refused. Maybe I didn't understand you.

Mr. HALLEY. I think you did.

Mr. MORETTI. Well I have to differ with you.

Mr. HALLEY. Do you know a Mr. Van Riper?

Mr. MORETTI. No, sir.

Mr. HALLEY. Never met him?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know Mr. Marsh?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Did you ever make any contributions to him?

Mr. MORETTI. No, sir.

Mr. HALLEY. At no time?

Mr. MORETTI. No.

Mr. HALLEY. Do you know Pete Licavoli?

Mr. MORETTI. Who?

Mr. HALLEY. Pete Licavoli.

Mr. MORETTI. The name don't hit me.

Mr. HALLEY. He comes from Detroit.

Mr. MORETTI. I probably do; probably I don't. I know a lot of people.

Mr. HALLEY. He has a ranch in Tucson.

Mr. MORETTI. Oh, yes.

Mr. HALLEY. You know him?

Mr. MORETTI. I met him a few times; yes.

Mr. HALLEY. You have been to his ranch?

Mr. MORETTI. No, sir; never been in Arizona; only once, in 1943. I was there when I got sick. I was there about 5 or 6 days in a hotel in Arizona. Then I went to California.

Mr. HALLEY. Have you ever been to Hot Springs?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. When were you there last?

Mr. MORETTI. Last time I think I was there in '43, the winter of '43.

Mr. HALLEY. Who did you go with?

Mr. MORETTI. Arthur Longano.

Mr. HALLEY. Arthur Longano?

Mr. MORETTI. Arthur Longano. He is sitting right here.

Mr. HALLEY. How long did you stay?

Mr. MORETTI. I think about 30 days.

Mr. HALLEY. Did you ever hear of the Mafia?

Mr. MORETTI. Whom?

Mr. HALLEY. Mafia?

Mr. MORETTI. Read about it.

Mr. HALLEY. You mean in the newspapers?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Have you ever heard about it?

Mr. MORETTI. Just in newspapers.

Mr. HALLEY. Never talked to anybody about it?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you know anything about it yourself?

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you ever heard of the Unione Siciliano?

Mr. MORETTI. Just in newspapers.

Mr. HALLEY. You have no knowledge of it yourself?

Mr. MORETTI. The only knowledge I have is what I read in the newspapers, what papers read about it—what they write about it; I read it.

Mr. HALLEY. You are not a member of either the Mafia or the Unione Siciliano?

Mr. MORETTI. What do you mean by a member, carry a card with Mafia on it?

Mr. HALLEY. No. I am not being humorous now.

Mr. MORETTI. I mean to be a member you've got to carry a card. You got to be initiated.

Mr. HALLEY. It is a secret organization. You have read that, haven't you?

Mr. MORETTI. That's all; just in newspapers.

Mr. HALLEY. And I ask you if you belong to such a secret organization.

Mr. MORETTI. No, sir; I don't.

Mr. HALLEY. Have you ever?

Mr. MORETTI. No, sir.

Mr. HALLEY. And do you know anybody or have you ever known anybody who did?

Mr. MORETTI. How could I know if it don't exist?

Mr. HALLEY. You know nothing about it?

Mr. MORETTI. For my knowledge it don't exist.

Mr. HALLEY. That is your best knowledge?

Mr. MORETTI. Yes, sir. I think I made a statement in 1946 when Williams gave me a bad write-up.

Mr. HALLEY. You mean Williams of the Narcotics Bureau?

Mr. MORETTI. Yes, sir. George White knows him; took George White's place.

Mr. HALLEY. He is a very able man.

Mr. MORETTI. Yes. He gave me a write-up and I answered him right back. He never answered me.

Mr. HALLEY. What did he say about you?

Mr. MORETTI. He said about Mafia, about dope, and everything else.

Mr. HALLEY. Williams is the head of the Narcotics office in New York.

Mr. MORETTI. That is right, and I never met him.

Mr. HALLEY. And did he say you were a leader of the Mafia?

Mr. MORETTI. He put that in the newspapers, so I answered him right back. I don't think there was an organization like that, to my knowledge. I speak for myself, not for anybody else.

Mr. HALLEY. Did he also say that you were connected with dope running?

Mr. MORETTI. He tried to, but he didn't get too far. I'm still here.

Mr. HALLEY. You have never been accused of that?

Mr. MORETTI. No, sir; I don't even know what it looks like.

Mr. HALLEY. And you have never had anything to do with the dope?

Mr. MORETTI. No, sir.

Mr. HALLEY. I think you said you never operated any kind of a gambling game; is that right?

Mr. MORETTI. Right.

Mr. HALLEY. Did you ever hear of the Tropic Inn in Mountain View?

Mr. MORETTI. Tropic Inn?

Mr. HALLEY. Yes, or the Tropical Inn in Mountain View, N. J.

Mr. MORETTI. It doesn't hit me. Tropic Inn?

Mr. HALLEY. Well you know where Mountain View is?

Mr. MORETTI. Yes; a friend of mine has a place there, Jimmy Donohue in Mountain View. I go there quite often.

Mr. HALLEY. What is his place called?

Mr. MORETTI. A big, high-class restaurant, frankfurter, and everything.

Mr. HALLEY. What is the name of it?

Mr. MORETTI. I think they call it Donohue's.

Mr. HALLEY. Donohue's?

Mr. MORETTI. Yes.

Mr. HALLEY. I am talking about a place called the Tropical Inn.

Mr. MORETTI. I have no knowledge of that name at all.

Mr. HALLEY. Maybe you know it as the Tropics Inn?

Mr. MORETTI. It doesn't hit me.

Mr. HALLEY. Did you ever run a gambling establishment there?

Mr. MORETTI. Me? Never.

Mr. HALLEY. You had nothing to do with one?

Mr. MORETTI. I never owned one. I told you I never ran one before.

Mr. HALLEY. Did you ever have a piece of one?

Mr. MORETTI. No, sir.

Mr. HALLEY. Do you have any piece of the place at 1205 McBride Avenue, the West Paterson Lawn and Tennis Club?

Mr. MORETTI. No, sir.

Mr. HALLEY. You know the place, though?

Mr. MORETTI. No, sir; I don't.

Mr. HALLEY. You were never in it?

Mr. MORETTI. I don't think so.

Mr. HALLEY. Were you ever in a place at Lodi?

Mr. MORETTI. What?

Mr. HALLEY. Were you ever in a place at Lodi?

Mr. SULLIVAN. Mr. Halley, with respect to that question now, I want to point out to Senator Kefauver that the district attorney, or Mr. Stamler, who is the superseding district attorney in Bergen County, has served a subpoena on Mr. Moretti to appear before the grand jury.

It appears from everything that we can derive from talking to Mr. Selser—of course, I have nothing to do with that case in New Jersey; I am simply appearing in this matter here, but it appears—that they have this indictment where they said some gambling took place up there, and I think that Mr. Moretti should claim his constitutional privilege as to whether or not he has been in such places, because somebody might say, "You are there." and then adding something to another, why, you don't know what is going to happen to him.

Now at this time I would like also, Senator—I will take a minute; I haven't bored you with much interruption—to point out that I believe that your disposition of the objections concerning the right of a witness to refuse to testify and permitting him only to refuse, if a violation of a Federal statute might be involved, it certainly seems to me that every State has a constitution that guarantees people the very same thing that is contained in the Bill of Rights, and it doesn't seem to me proper that you can make a travesty of those constitutions and violate all the rights through the medium of a Senate committee, and indirectly compel a man to testify against himself.

For that reason I am very sincere in urging you, Senator, to have you reconsider that decision with respect to this question for Mr. Moretti, because I don't think it is a right decision.

The CHAIRMAN. Mr. Sullivan, Mr. Moretti has been fairly cooperative with us. We do not ask him any questions that are not proper questions. So far as the decisions are concerned, the present state of the decisions of the Supreme Court of the United States, as we interpret the decisions, are that he only has a right to refuse to answer questions which might convict him of a Federal offense. If we extended that, then, of course, we would never get anywhere in our inquiry.

Then you might extend it to local ordinances or you might extend it so that there could be no question, hardly, that you could ask a witness. Anyway, that is the ruling of the committee. We have discussed the matter at considerable length.

Mr. SULLIVAN. We have a New York decision which holds, if the Senator please, that you may not be compelled to testify in New York about a Federal offense.

You won't be subjected to any prosecution in a New York matter, but the New York courts have held that you cannot be compelled to testify on a matter which might subject you to a Federal, possibility of a Federal prosecution.

Senator KEFAUVER. Some States have the rule and others——

Mr. SULLIVAN. If you could cloak him with immunity, as Mr. Selser has pointed out——

The CHAIRMAN. We will be glad to furnish you with a memorandum and brief which we have on it, which is pretty definite, I think, Mr. Sullivan.

Mr. HALLEY. Mr. Chairman, I would like to state that only last week the third circuit court of appeals in the case of Cappy Hoffman took the same position that this committee is taking, that a witness there, before a grand jury holding hearings in Philadelphia, must answer questions even though they might tend to incriminate him under State law.

May I also, Mr. Chairman, while the subject is before the committee, attempt to clarify the recent Blau decision of the Supreme Court, for the benefit of counsel, who I think may have it in mind.

The Blau decision dealt solely with incrimination under Federal law, and in the Blau decision the Supreme Court said very simply that a man does not have to go right up to the step before admitting guilt, that he need not give the step just before the admission of guilt from which guilt could be clearly inferred.

In other words, if a man is accused of being in a conspiracy to overthrow this Government, he does not have to admit he is a Communist when the mere fact of being a Communist is very strong evidence of being in such a conspiracy. That is what the Supreme Court said, as I read the decision, and I would like to point out that they very clearly distinguish a mere imaginary possibility or anything that does not take a man right up to the point of admitting guilt.

Of course, here there is no evidence that anybody has brought forth that Mr. William Moretti had anything to do personally with these gambling houses, and he has not offered any, so that at the present time——

Mr. SULLIVAN. He is subpoenaed.

Mr. HALLEY. He is a witness. His brother had a very prominent part in them. His close associates, Ricca, Catena, and Longano, with whom he has gone to Tucson, Hot Springs, and to Habana, are all involved in it, so that obviously he is an important witness.

Mr. SULLIVAN. But, Mr. Halley, there are many decisions which hold that the Government—you may not compel a witness to forge that last link in a chain. You are familiar with that.

Mr. HALLEY. Link in a chain against other people we are talking about now. There is nothing to show it is a link in a chain against him.

The CHAIRMAN. Mr. Sullivan, I do not think you contend seriously that even if Mr. Moretti said that he had been in some places, that he is being charged with operating these places. I mean, it is not unlawful for him to go to a restaurant.

Mr. SULLIVAN. Some of the prosecutions that you see sponsored today are really pretty far afield from anything I ever knew about prosecutions in years gone by.

Mr. HALLEY. The question is, Have you ever been in the gambling establishments at Lodi?

Mr. MORETTI. I think I have a right to—go ahead, you answer that. Even if I wasn't in there, somebody put me in there just to elaborate on it. There was a conviction in that Lodi place.

Mr. HALLEY. That is right.

Mr. MORETTI. Is that right? Even if I wasn't in there, people elaborated that I was. Is that right?

Mr. HALLEY. Well, were you there? The question is, Were you?

Mr. MORETTI. Because people like to see anybody with character around. I told you a friend of mine ran the place, and he is convicted.

The CHAIRMAN. The question was, have you been there, Mr. Moretti, and I will say to counsel we are not pursuing the matter, it is not our information that he was tied up with the operations. He will be asked no questions in that regard. The question is, have you been to Lodi, the gambling place in Bergen County.

Mr. MORETTI. I was there once, to talk to Tony Guarino, 7 o'clock at night.

Mr. HALLEY. Just once. Did you ever see James Longano?

Mr. MORETTI. Longano, I did not.

Mr. HALLEY. Jerry Catena?

Mr. MORETTI. I did not. I was there the early part of the evening.

Mr. HALLEY. Did you ever see Joe Adonis there?

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you ever been in a gambling establishment in West Paterson, at 1205 McBride Avenue?

Mr. MORETTI. I don't remember if I was. What year was that?

Mr. HALLEY. That was about 1944 or '45.

Mr. MORETTI. Who knows. People collaborate. I was in there, too, but I don't remember being in there.

Mr. HALLEY. That is your answer?

Mr. MORETTI. That's right.

Mr. HALLEY. You answer that you remember it. Were you ever in a place called the Carriage Factory just off the George Washington Bridge?

Mr. MORETTI. Carriage Factory?

Mr. HALLEY. Yes.

Mr. MORETTI. I don't remember.

Mr. HALLEY. Were you ever in the All-American Studios, Palisades?

Mr. MORETTI. I have no knowledge of that; never heard of that.

Mr. HALLEY. Would you tell the committee how long you have been connected with the U. S. Linen Supply Co.?

Mr. MORETTI. Since 1936.

Mr. HALLEY. And how did you first make your connection with them?

Mr. MORETTI. Well, Johnny Welsh, Ben Golden, and Mark Golden, which they are my associates in this laundry business, I met them on that indictment of 1934, that blanket indictment. I didn't know them too well until then, and they got sentenced to 6 months.

I got a suspended sentence from Judge Delaney, tougher than Judge Rosalsky, and there's where I got the acquaintance.

When they come out after they did 6 months, we got together. They had a proposition of a linen business. Being I'm well known by everybody, they took me in with them. I think they invested the first time maybe 2 or 3 thousand dollars in 1936, and they made me president of the firm. We called it the U. S. Linen Supply business.

Mr. HALLEY. Had you had any previous experience in that or in any other business?

Mr. MORETTI. No; I had no experience at all.

Mr. HALLEY. Were you made president because you were a well-known character?

Mr. MORETTI. Just because a lot of people know me and I can get business, that's all.

Mr. HALLEY. Because you have a lot of friends?

Mr. MORETTI. That's right; they know I have and everybody else knows I have.

Mr. HALLEY. And did you get business for them?

Mr. MORETTI. Plenty of business; in a polite way, too.

Mr. HALLEY. What do you mean by that?

Mr. MORETTI. Because they tried to accuse me that I bulldozed people for the business. I made a statement, if they could prove it, I would dissolve the business immediately.

Mr. HALLEY. How large a company is that?

Mr. MORETTI. Very large company, from \$200-a-day business I brought it up to \$13,500-a-week business.

Mr. HALLEY. That is its present business?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. And what percentage of the company do you own?

Mr. MORETTI. I used to have 20 percent. Now the business that gave me a lot of trouble, the Noxall that I took some business away from because I was——

The CHAIRMAN. I did not understand that, Mr. Moretti.

Mr. MORETTI. The Noxall Linen Supply Co. of Hackensack, a corporation, is a big firm of consolidated laundries. Their president gave me a lot of trouble. They had a big meeting once, and they accused me of taking their business away from them, and they're the ones made the complaint, and I was hit with it in 1939 before the grand jury, so when I was hit there was that question, so I made a statement

then at that time that if they could prove of the accusations, I am willing to suffer the consequence and go out of business, so it hasn't been proven yet. I am still in business.

Mr. HALLEY. What is that, what year?

Mr. MORETTI. 1939.

Mr. HALLEY. And they claimed you were using strong-arm methods?

Mr. MORETTI. I used the arm and everything else with them.

Mr. HALLEY. They claimed you were using strong-arm?

Mr. MORETTI. That is right.

Mr. HALLEY. What finally happened? Did you make peace with them?

Mr. MORETTI. I tell you what happened. There was a big investigation of the syndicate of the laundries.

Mr. HALLEY. Who made the investigation?

Mr. MORETTI. The Government.

Mr. HALLEY. The State government?

Mr. MORETTI. Yes. No, no; the United States Government.

Mr. HALLEY. The Federal grand jury?

Mr. MORETTI. Yes.

Mr. HALLEY. And what happened?

Mr. MORETTI. I think they indicted 61 laundries outside of mine.

Mr. HALLEY. Yours was not indicted?

Mr. MORETTI. No, sir.

Mr. HALLEY. Was Noxall indicted?

Mr. MORETTI. Yes, sir; they were all indicted. Every one of them was indicted but me.

Mr. HALLEY. What were they indicted for?

Mr. MORETTI. Whatever they did I don't know. You will have to ask them. Big investigation. The Federal department come over and asked me a lot of questions; did they try to knock me out of business. Nobody tried to knock me out of business.

Mr. SULLIVAN. Probably a conspiracy to monopolize business, I think, Mr. Halley. I have never heard of it before, and that is what I think it would be, to clarify his testimony.

Mr. MORETTI. Something like that. It's on records anyhow.

Mr. HALLEY. Did you ever work for the Noxall Co. or have an interest in it?

Mr. MORETTI. No, sir. The Noxall then—this fellow that made all the complaints, he was the president of the Noxall, probably president—he was the president of the association that made all the complaints. Fortunately God helped me and this fellow went horseback riding, fell off the horse, got kicked in the head by a horse and died, so his company became my partners after he died.

Mr. HALLEY. They joined your company?

Mr. MORETTI. Yes, sir; and they made me vice president.

Mr. HALLEY. You are now vice president of the Noxall Co.

Mr. MORETTI. Right.

Senator TOBEY. How do you spell Noxall?

Mr. SULLIVAN. N-o-x-a-l-l, Senator.

Mr. MORETTI. Linen Supply Corp. They merged with me in 1945, July 1.

Mr. HALLEY. What is your total weekly business now, Mr. Moretti?

Mr. MORETTI. I get \$240 a week.

Mr. HALLEY. That is your salary?

Mr. MORETTI. My salary; yes.

Mr. HALLEY. From the two companies?

Mr. MORETTI. Right.

Mr. HALLEY. One is the U. S. Linen Supply Co. and the other you call U. S. Linen Laundry Service, is that right?

Mr. MORETTI. Right.

Mr. HALLEY. And is the laundry service the combined company that Noxall joined?

Mr. MORETTI. Yes; they are in my firm now.

Mr. HALLEY. Doesn't that business pay you any dividends?

Mr. MORETTI. Well, not under conditions now. I got very little dividend out of that, because we got a lot of linens and there's been a war on and we had to stock up with linens. We got a lot of stock.

Mr. HALLEY. Then you must have a large net worth in the company, is that right?

Mr. MORETTI. Right.

Mr. HALLEY. You have been plowing the profits back into the business?

Mr. MORETTI. That is right.

Mr. SULLIVAN. Any appreciation, Mr. Halley, in the real property is really tremendous.

Mr. MORETTI. I have a picture if you want to look at it.

Mr. HALLEY. Yes.

Mr. MORETTI. I bought a whole block for \$10,000 from Passaic County, the whole block. The building cost about four hundred thousand. I bought it for ten thousand.

Mr. HALLEY. How did you do that?

Mr. SULLIVAN. Hard times, I believe.

Mr. HALLEY. Let him answer.

Mr. SULLIVAN. When did you buy it?

Mr. MORETTI. Depression; just to pay the taxes.

Mr. HALLEY. Did you buy it on a tax lien?

Mr. MORETTI. Yes, sir; bought it from the county for \$10,000.

Mr. HALLEY. On a tax lien, in what year?

Mr. MORETTI. I think in either '40 or '41.

Mr. HALLEY. You say it was worth \$400,000?

Mr. MORETTI. I think it's worth—it had a big silk mill there, block square.

Mr. HALLEY. That is in Paterson?

Mr. MORETTI. Paterson, N. J.

Mr. HALLEY. And that is still your headquarters?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. What is the total net worth of your two companies, U. S. Linen Supply and U. S. Laundry Service?

Mr. MORETTI. It's worth—I was offered \$850,000.

Mr. HALLEY. For your own interest or for the whole thing?

Mr. MORETTI. No; for the whole thing, the whole company.

Mr. HALLEY. And how much of the company do you own?

Mr. MORETTI. I own now probably—well, they become partners, we're seven-handed now, so figure it out.

Mr. HALLEY. You have one-seventh?

Mr. MORETTI. Right.

Mr. HALLEY. And do all partners work for the company, too? Do all the partners work for the company?

Mr. MORETTI. Every one of them.

Mr. HALLEY. Do you still work for it actively?

Mr. MORETTI. Yes, sir; very actively.

Mr. HALLEY. What do you do?

Mr. MORETTI. I go to meetings there probably two, three times a month.

Mr. HALLEY. Do you do anything else?

Mr. MORETTI. When they get complaints and people leave us, somebody that I could talk to, I go and talk to him.

Mr. HALLEY. Did your brother work it for a while?

Mr. MORETTI. While I was sick.

Mr. HALLEY. He took over for you?

Mr. MORETTI. Yes.

Mr. HALLEY. He is not in it now, though?

Mr. MORETTI. No.

The CHAIRMAN. Mr. Halley, I think we should get it clear that this building here—

Mr. MORETTI. That is the building; yes, sir.

The CHAIRMAN. Is that the building you bought for \$10,000?

Mr. MORETTI. \$10,000; yes, sir.

Mr. SULLIVAN. On a tax lien.

The CHAIRMAN. That is 113-137 North First Street.

Senator TOBEY. Under the New Jersey tax laws, if you buy that building on tax lien, how long a period after you purchase can the owner who has owned it replevin it by paying back taxes?

Mr. MORETTI. I don't know. I tell you we paid \$10,000 for it. I know they lost the building, the people that had it. It belonged to the county. We bought it off the county.

Senator TOBEY. They do not have a period under the law there where they can buy it back?

Mr. MORETTI. I don't think so, because I still have it.

Mr. SULLIVAN. I think they have a drastic law there, Senator, that they sell it out very quickly. We are getting one like that in New York, too, where you don't have those periods.

The CHAIRMAN. They had an auction, and you went to the auction and bought it?

Mr. MORETTI. I don't remember whether it was the auction or not. Bob Neilley was sort of a politician.

The CHAIRMAN. Who is that?

Mr. MORETTI. Bob Neilley.

The CHAIRMAN. What does he do?

Mr. MORETTI. He used to be a Democrat leader in Passaic County, and he is a water commissioner.

The CHAIRMAN. He is the assistant vice president of the Noxall Linen Supply Co.?

Mr. MORETTI. Right.

The CHAIRMAN. And he arranged it so you could buy it?

Mr. MORETTI. Yes.

The CHAIRMAN. How much do you expect he could have gotten more than \$10,000 for that business?

Mr. MORETTI. Well, at that time you could have bought it for a nickel.

The CHAIRMAN. 1941?

Mr. MORETTI. I think it was 1940 or 1941.

The CHAIRMAN. How long is this building, how many feet? It is a whole square block, but how big a block is that?

Mr. MORETTI. You can look at it there.

Mr. SULLIVAN. What is the size?

The CHAIRMAN. It appears to be several hundred feet long.

Mr. MORETTI. Several hundred; it's more than that.

The CHAIRMAN. Seven hundred what?

Mr. MORETTI. It's more than that.

The CHAIRMAN. I did not understand.

Mr. MORETTI. It must be around probably 300 feet long, I don't know. That's a whole block square.

The CHAIRMAN. I know, but I am trying to find out how big a block it is, three or four hundred feet one way, and how long the other way?

Mr. MORETTI. Maybe 150, 175 feet, maybe more than that. I have two boilers in there that probably cost the people \$100,000, one with coal and one with oil.

Mr. SULLIVAN. The silk industry moved out of Paterson, Senator, in those times, with these new inventions of textiles; and Paterson was a ghost town, as I remember it at that time.

Mr. MORETTI. That is right.

The CHAIRMAN. Is there any objection to making this an exhibit?

Mr. SULLIVAN. I don't know what he has got written on that page, Senator. I was just showing it to you. I would like to look at it.

The CHAIRMAN. He has the names of the officers of the various companies on here.

Mr. SULLIVAN. That is right.

The CHAIRMAN. If he wants to cut the other off, it is all right.

Mr. SULLIVAN. All right, Senator.

Mr. MORETTI. I just wrote that just to memorize some items that I don't make an error.

The CHAIRMAN. Look at it and see if there is an error on here.

Mr. HALLEY. Who was the partner that arranged the purchase?

Mr. MORETTI. Bob Neilley.

Mr. HALLEY. Bob Neilley. He was formerly the sheriff of Passaic County, was he not?

Mr. MORETTI. Sheriff? Gee, I don't know. He's been on the water commission appointed by the Democrats and Republicans.

Mr. HALLEY. How many of your present partners were indicted with you in 1934?

Mr. MORETTI. Three.

Mr. HALLEY. That is the two Golden brothers?

Mr. MORETTI. They weren't my partners then.

Mr. HALLEY. But they are now?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. You say they were never in the numbers racket?

Mr. MORETTI. What?

Mr. HALLEY. You say they were never in the numbers racket?

Mr. MORETTI. I don't know that. They pleaded guilty. They must have been.

Mr. HALLEY. You pleaded guilty.

Mr. MORETTI. I pleaded guilty with an understanding.

Mr. HALLEY. They did not plead with any understanding?

Mr. MORETTI. Yes.

Mr. HALLEY. So you think they must have been in the numbers racket?

Mr. MORETTI. They pleaded guilty. I don't know if they were in, but they pleaded guilty.

Mr. HALLEY. Are they in the numbers racket today?

Mr. MORETTI. I can't answer that.

Mr. HALLEY. You are not sure one way or the other?

Mr. MORETTI. No, sir; I am not interested.

Mr. HALLEY. Who is Johnny Welsh?

Mr. MORETTI. My vice president.

Mr. HALLEY. In your company?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Is he in the numbers racket?

Mr. MORETTI. What did you say?

Mr. HALLEY. Is he in the numbers racket?

Mr. MORETTI. That is the one that pleaded guilty to the numbers.

Mr. HALLEY. With the Golden brothers?

Mr. MORETTI. Yes. They got 6 months apiece, if I remember correctly.

Mr. HALLEY. Do you know James Cerce?

Mr. MORETTI. Yes, I do.

Mr. HALLEY. How long do you know him?

Mr. MORETTI. Probably twenty-some-odd years.

Mr. HALLEY. He lives in Paterson, is that right?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. What is his business?

Mr. MORETTI. I don't know what's his business. I think he is a gambler too in the race track.

Mr. HALLEY. He is a bookie, is he not?

Mr. MORETTI. I can't answer that. I think so. I can't be sure.

Mr. HALLEY. Have you any business with Cerce?

Mr. MORETTI. No, sir.

Mr. HALLEY. No business connections whatsoever?

Mr. MORETTI. No, sir.

Mr. HALLEY. Only a good friend?

Mr. MORETTI. That's all.

Mr. HALLEY. Does Cerce ever go to Duke's?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Did you ever offer anybody \$2,500?

Mr. MORETTI. What?

Mr. HALLEY. Did you ever offer anybody \$2,500 to get out of town so they would not appear before this Senate committee?

Mr. MORETTI. I heard that yesterday while you were questioning my brother. I don't know anything about it.

Mr. HALLEY. You do not think there is anything to that story?

Mr. MORETTI. No. I think that's a story put up for some half-wit, offer somebody \$2,500. I should need more credit than that.

Mr. HALLEY. It was said there was a meeting at your brother's home with you and Pete Laplace, Joe Laplace; you know them?

Mr. MORETTI. Yes; I do.

Mr. HALLEY. The Golden brothers, Bob Neilley and Johnny Welsh, and that meeting took place in August one afternoon, and that you

told Johnny Welsh to give \$2,500 to anybody connected with the numbers racket who might be called upon to testify before this committee, told them to take a vacation and stay out of sight.

Mr. MORETTI. No, sir.

Mr. HALLEY. No truth to that whatsoever?

Mr. MORETTI. No, sir, not to my knowledge; no, sir.

Mr. HALLEY. You have a great many friends and seem to have a pretty good idea of what goes on.

Mr. MORETTI. I what?

Mr. HALLEY. I say, you seem to have a pretty good idea of what goes on. Can you explain why for a very long time practically every one of the witnesses sought by this committee just disappeared from sight, could not be found at home, their wives came in and said they could not find them, did not know where their own husbands were?

Mr. MORETTI. I don't think any one of them ducked, to my knowledge.

Mr. HALLEY. Do you think it was all just coincidence?

Mr. MORETTI. It wasn't done purposely, if they did.

Mr. HALLEY. For instance, the wives of, I think Jimmy Lynch, I think Jerry Catena's wife came in and said they did not know where their husbands were.

Mr. MORETTI. It happens a lot of times my wife don't know where I am.

Mr. HALLEY. For a period of a month or more?

Mr. MORETTI. No, I wouldn't say a month. Weeks.

Mr. HALLEY. For a period of weeks?

Mr. MORETTI. Everbody's in the same—I call my wife every day no matter where I am. I'm different. I have three children. I have five grandchildren.

Mr. HALLEY. Well, these fellows all have children and their wives seem to be nice women.

Mr. MORETTI. People live different in this world. I live one way. I call my family all the time.

Mr. HALLEY. You think it is just a coincidence?

Mr. MORETTI. And I never duck anything.

Mr. HALLEY. You think it is just a coincidence that anybody had anything to do with that Lodi——

Mr. MORETTI. I can't call it a coincidence and I can't call it purposely.

Mr. HALLEY. Do you know Al Goldfein?

Mr. MORETTI. Who?

Mr. HALLEY. Al Goldfein.

Mr. MORETTI. I don't think I do.

Mr. HALLEY. Do you know Manny Schaefer?

Mr. MORETTI. Manny Schaefer? Probably I have met him.

Mr. HALLEY. Where did you meet him?

Mr. MORETTI. In Florida, I think.

Mr. HALLEY. Where?

Mr. MORETTI. In Florida, race track.

Mr. HALLEY. Did you ever see him at the Colonial Inn?

Mr. MORETTI. I don't remember if I did. I have been there, but I don't know if I did or not.

Mr. HALLEY. I don't think I asked you if you knew Meyer Lansky.

Mr. MORETTI. I do. I know him well.

Mr. HALLEY. Do you know John Barker?

Mr. MORETTI. John Barker; no, sir.

Mr. HALLEY. You know Andrew Bruno?

Mr. MORETTI. Who?

Mr. HALLEY. Andrew Bruno.

Mr. MORETTI. Who is he?

Mr. HALLEY. The man who owns Bruno's Restaurant.

Mr. MORETTI. Yes, sir; I do.

Mr. HALLEY. Did you know him when he worked at Lodi's?

Mr. MORETTI. I know him quite some time. I don't know if he worked there or not.

Mr. HALLEY. Didn't he ever serve you a meal at Lodi's?

Mr. MORETTI. Me? I don't remember if he did or not.

Mr. HALLEY. Did he ever serve you a meal at any gambling place?

Mr. MORETTI. I don't think so.

Mr. HALLEY. Do you know Kitty Klein?

Mr. MORETTI. Kitty Klein; yes.

Mr. HALLEY. Who is he?

Mr. MORETTI. You tell me who he is, and I'll answer you.

Mr. HALLEY. I'll tell you. He was a credit man at all of these gambling joints. Do you know who he is?

Mr. MORETTI. I don't know if he run a gambling joint or not.

Mr. HALLEY. What is his business?

Mr. MORETTI. I can't tell you that.

Mr. HALLEY. Where did you first meet him?

Mr. MORETTI. In Florida.

Mr. HALLEY. Did you ever see him in New Jersey?

Mr. MORETTI. I don't think so.

Mr. HALLEY. At no time?

Mr. MORETTI. I don't think so.

Mr. HALLEY. Did you ever see him in Saratoga?

Mr. MORETTI. I haven't been in Saratoga since it opened.

Mr. HALLEY. Since what opened?

Mr. MORETTI. Since the last time it opened, I haven't been there.

Mr. HALLEY. I do not understand. What opened?

Mr. MORETTI. Saratoga opened up the race track when? Three years ago? I haven't been there.

Mr. HALLEY. You mean since the gambling opened up?

Mr. MORETTI. It was closed during the war, you know.

Mr. HALLEY. That is right. And then the Arrowhead opened up.

Mr. MORETTI. I don't know anything about it.

Mr. HALLEY. You do not know anything about the Arrowhead Inn?

Mr. MORETTI. No, sir.

Mr. HALLEY. You have had no connection with it?

Mr. MORETTI. No, sir.

Mr. HALLEY. What has been your income from gambling? I think you mentioned that you made \$240 a week from your linen business.

Mr. MORETTI. That's right.

Mr. HALLEY. What did you make last year, do you remember?

Mr. MORETTI. Last year is when?

Mr. HALLEY. 1949.

Mr. SULLIVAN. Would that be the '48 income, or the '49?

Mr. HALLEY. Let us take '49 first.

Mr. MORETTI. I think I filed for \$31,800. Is that right? You have it there.

Mr. HALLEY. You filed for gambling of \$20,800, plus your \$240 a week. Is that right?

Mr. MORETTI. That's right. I won at the race track in the mutuel machines.

Mr. HALLEY. You won it right at the race track?

Mr. MORETTI. Yes.

Mr. HALLEY. You never gambled with any bookies at the track?

Mr. MORETTI. No, sir.

Mr. HALLEY. You just put it right in the machine?

Mr. MORETTI. Right.

Mr. HALLEY. How much did you win gambling in 1948?

Mr. MORETTI. In '48?

Mr. HALLEY. \$31,200; is that right?

Mr. MORETTI. I didn't win too much on horses that year, but I had a sure thing going for me that year. I had President Truman going for me that year.

Mr. HALLEY. How much did you win on President Truman's election?

Mr. MORETTI. About \$25,000. I win two ways in that election. I win \$10,000 on that Dewey don't carry New York City by 640,000, even money. I thought they were crazy, and I bet that with Lou Clayton.

Mr. HALLEY. Lou Clayton?

Mr. MORETTI. Clayton and Durante; yes.

Mr. HALLEY. And what did you get the rest of your money on?

Mr. MORETTI. I took 16 to 1 for a thousand dollars from Clayton on Truman. I could have got a hundred the last day. Clayton robbed me. I think he laid my thousand to somebody else. I got 16 to 1, and he closed 100 to 1.

Mr. HALLEY. You had 16 to 1?

Mr. MORETTI. I had 16 to 1.

Mr. HALLEY. And did you bet on any other candidates that year?

Mr. MORETTI. No. I bet Dewey and Truman.

Mr. HALLEY. Who did you bet this year?

Mr. MORETTI. This year on who?

Mr. HALLEY. Did you bet this year?

Mr. MORETTI. There's no outstanding candidate this year, is there?

Mr. HALLEY. You did not bet on anyone this year?

Mr. MORETTI. I don't think so; just the race track this year.

Mr. HALLEY. How do you keep a record of your bets?

Mr. MORETTI. Just on a slip of paper.

Mr. HALLEY. Do you have your records, for instance, for 1950 here?

Mr. MORETTI. No.

Mr. HALLEY. Where is your record for 1950?

Mr. MORETTI. This 1950, I had about \$11,000 so far. I think the Federal Department will be stuck this year.

Mr. HALLEY. Have you been a little preoccupied with other things?

Mr. MORETTI. I've been occupied with this here committee, subpenas from all angles; don't give me a chance to go to the race track.

Mr. HALLEY. It has interfered with your making a living?

Mr. MORETTI. Well, I don't know. Maybe before the year closes I may win yet.

Mr. HALLEY. I am interested in knowing how you keep your records of your wins and losses.

Mr. MORETTI. Just I keep the program.

Mr. HALLEY. You keep the program?

Mr. MORETTI. Yes.

Mr. HALLEY. From the track?

Mr. MORETTI. Yes; and then after I file for it, and after 2 or 3—months, I destroy them.

Mr. HALLEY. Where do you record it after 2 or 3 months when you destroy them?

Mr. MORETTI. What I put down.

Mr. HALLEY. What have you got down for 1950?

Mr. MORETTI. About \$11,000 so far.

Mr. HALLEY. Where is it? Do you have the record here?

Mr. MORETTI. No; in my mind.

Mr. HALLEY. You mean you keep this in your mind?

Mr. MORETTI. Most of it; yes, sir.

Mr. HALLEY. Each year you keep it in your mind?

Mr. MORETTI. Not all the time; no. I told you before I keep it on my program.

Mr. HALLEY. This is a good year for us to talk about because it is just about over, and you are going to have to file your income tax this year. This committee has always been curious about how gamblers file returns so that they are accurate. Perhaps you can help this committee understand how you are going to file your return for 1950 accurately.

Mr. MORETTI. I can only answer for myself how I make my own living.

Mr. HALLEY. How do you keep a record of your wins and losses for 1950?

Mr. MORETTI. I told you—with the program.

Mr. HALLEY. Well, where are the programs?

Mr. MORETTI. I have some home.

Mr. HALLEY. For 1950?

Mr. MORETTI. I think so, if I look them over. I've pieces of paper.

Mr. HALLEY. Going how far back?

Mr. MORETTI. Just the year of 1950, that's all.

Mr. HALLEY. And what kind of programs have you?

Mr. MORETTI. Racing programs.

Mr. HALLEY. For what tracks?

Mr. MORETTI. Aqueduct, Belmont, Jersey.

Mr. HALLEY. Any others?

Mr. MORETTI. That's all I went to this year.

Mr. HALLEY. Did you ever bet on the Florida tracks?

Mr. MORETTI. On the where?

Mr. HALLEY. The Florida tracks.

Mr. MORETTI. When I go to Florida; yes.

Mr. HALLEY. When were you last in Florida?

Mr. MORETTI. Last year.

Mr. HALLEY. For how long were you there?

Mr. MORETTI. I think a couple of weeks.

Mr. HALLEY. And at what hotel did you stay?

Mr. MORETTI. Last year? Let's see. Last year I was at the new hotel, I think it's—had my daughter and wife there. She got sick in college, and I took her for a 2 weeks' vacation in Florida. I only stood there about 11 days, I think. That new hotel there. It's got a kind of peculiar name.

Mr. HALLEY. One of the big new ones?

Mr. MORETTI. Next to the—what's that?—Sherry Frontenac? Next to the Sherry Frontenac.

Mr. HALLEY. Sans Souci?

Mr. MORETTI. No.

Mr. HALLEY. Saxony?

Mr. MORETTI. At the Penn House. It cost me, I think, \$75 a day.

Mr. HALLEY. \$75 a day, and how long were you there?

Mr. MORETTI. About 11 days.

Mr. HALLEY. 10 days?

Mr. MORETTI. About 11 days, something like that.

Mr. HALLEY. Did you do any other traveling this year?

Mr. MORETTI. Any what?

Mr. HALLEY. Any other traveling this year?

Mr. MORETTI. No.

Mr. HALLEY. Do you own your own home?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. How much did it cost you?

Mr. MORETTI. Which, my present home?

Mr. HALLEY. Your present home.

Mr. MORETTI. \$45,000.

Mr. HALLEY. When did you buy it?

Mr. MORETTI. No, sir; I had it built.

Mr. HALLEY. How long ago?

Mr. MORETTI. In 1947.

Mr. HALLEY. And do you have an automobile?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. What kind is that?

Mr. MORETTI. Cadillac.

Mr. HALLEY. What year?

Mr. MORETTI. '48. I have a Lincoln '49.

Mr. HALLEY. Do you have any other automobile?

Mr. MORETTI. No, sir.

Mr. HALLEY. Does your wife or your family?

Mr. MORETTI. My daughter has. I gave her a Cadillac for a present on graduation of her college.

Mr. HALLEY. Two Cadillacs and a Lincoln in your family?

Mr. MORETTI. Yes.

Mr. HALLEY. And how many children have you?

Mr. MORETTI. Three.

Mr. HALLEY. Three. Do any of the others go to college?

Mr. MORETTI. They all went to college.

Mr. HALLEY. They all went to college?

Mr. MORETTI. Yes. Two married, and one single.

Mr. HALLEY. And have you been able to do all of that on the income that you report each year?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. And you have also built up this linen business; is that right.

Mr. MORETTI. Right.

Mr. HALLEY. What is your net worth today, Mr. Moretti?

Mr. MORETTI. I can't say.

Mr. HALLEY. You have this linen business. Do you have any cash, bank account?

Mr. MORETTI. I have no bank account.

Mr. HALLEY. You do not have any bank at all?

Mr. MORETTI. No, sir.

Mr. HALLEY. Does your wife, or your children?

Mr. MORETTI. My wife has a bank account and a checking account.

Mr. HALLEY. Are they substantial accounts?

Mr. MORETTI. I pay my taxes on my wife's checking account.

Mr. HALLEY. In what bank is your wife's account?

Mr. MORETTI. Woodridge National Bank.

Mr. HALLEY. Are both accounts in that bank?

Mr. MORETTI. Right. I have one checking account in the Asbury-Ocean Grove Bank in Asbury Park.

Mr. HALLEY. Do you have a home there, too?

Mr. MORETTI. Yes; in Deal, N. J.

Mr. HALLEY. That is a second home you have?

Mr. MORETTI. Yes, sir; I have two homes.

Mr. HALLEY. When did you acquire your Deal home?

Mr. MORETTI. In 1940.

Mr. HALLEY. How much did that one cost you?

Mr. MORETTI. \$16,250. The house was worth \$400,000.

Mr. HALLEY. That house was worth \$400,000?

Mr. MORETTI. Yes, sir.

Mr. HALLEY. Who did you buy that from?

Mr. MORETTI. I was offered \$250,000 last year. I wouldn't sell it.

Mr. HALLEY. You refused to sell it for \$250,000?

Mr. MORETTI. Yes, sir; I did.

Mr. HALLEY. Who did you buy it from?

Mr. MORETTI. I bought it from the Lincoln National Bank of Newark.

Mr. HALLEY. On a foreclosure?

Mr. MORETTI. Yes, sir. Also taxes, I think. I don't know.

Mr. HALLEY. How many servants staff those two houses.

Mr. MORETTI. Two.

Mr. HALLEY. Two. And how much money do you have in cash?

Mr. MORETTI. About \$30,000.

Mr. HALLEY. Do you own real estate, Mr. Moretti?

Mr. MORETTI. No, sir.

Mr. HALLEY. Where is your cash, by the way? Do you keep it in a box?

Mr. MORETTI. In my home.

Mr. HALLEY. In a box?

Mr. MORETTI. No; in my home.

Mr. HALLEY. In a safe?

Mr. MORETTI. I have no safe.

Mr. HALLEY. You just keep it around your house?

Mr. MORETTI. That's all.

Mr. HALLEY. You do not own any real estate?

Mr. MORETTI. No, sir.

Mr. HALLEY. Have you any interest in any construction business?

Mr. MORETTI. No, sir. Let me tell you about the real estate. Now don't get me wrong there. My son-in-law put up a store in Hasbrouck Heights, so I bought the building for them. I paid \$30,000 for the building, so he couldn't make it go, and he closed it up.

Mr. HALLEY. When was that?

Mr. MORETTI. Just recently, lost about \$3,000, an ice-cream parlor and confectionery store, so I sold the building to the same people I bought it from. I sold it for \$35,000 about a month and a half ago.

Mr. HALLEY. Do you have any other real estate?

Mr. MORETTI. No, sir.

Mr. HALLEY. Does your family?

Mr. MORETTI. No, sir. I have a lot in Florida.

Mr. HALLEY. When did you buy that?

Mr. MORETTI. I think it was 1948, 1949, I am not sure. I paid \$18,000 for it, 300 by 250, bay front, on Biscayne Bay.

Mr. HALLEY. I am curious to know what kind of financial records you have.

Mr. MORETTI. Just about \$30,000 in cash; that's all.

Mr. HALLEY. No; I am talking now about your records. The committee did subpoena your records, did it not?

Mr. MORETTI. Yes, but I have no records.

Mr. HALLEY. You must have some records.

Mr. MORETTI. I told you a sheet of paper.

Mr. HALLEY. Let us see it.

Mr. MORETTI. I haven't got it with me.

Mr. HALLEY. What are you holding in your hand?

Mr. MORETTI. This is a record of my income tax.

Mr. HALLEY. Just the income tax? Income taxes paid?

Mr. SULLIVAN. Yes.

Mr. HALLEY. Who prepared your income taxes?

Mr. MORETTI. Abe Greenberg.

Mr. SULLIVAN. Mr. Halley, these questions pertaining to income taxes and pertaining to net worth, and this sort of thing might well be the foundation of some sort of a claim or prosecution. I really do not think there is any possibility of it, so probably I am arguing against myself in that respect, but I think I ought to note an objection in the record with respect to any questioning about his particular financial assets. I can't see how it is relevant under this resolution.

Mr. HALLEY. Mr. Sullivan, I do not want you to be misled, so I think I should tell you that if the witness wants to claim his privilege at this point, he must personally claim it. You cannot claim it for him. Perhaps you want to consult him.

Mr. MORETTI. I'll answer him.

Mr. SULLIVAN. He is very anxious to answer. Mr. Moretti is a man who wants to answer questions.

Mr. HALLEY. I am a man who wants to ask them.

Mr. MORETTI. My answer should be on paper.

The CHAIRMAN. Wait a second. Mr. Sullivan, is there any contention that his income is under investigation?

Mr. SULLIVAN. I do not know of any. I heard yesterday—of course, I do not know whether it is or not. I am not in touch with the internal revenue on the matter, but I suppose it would be the duty of a man

in the Internal Revenue if you see a lot of publicity in newspapers about somebody, to go and make an investigation, and I understand, I heard counsel say yesterday that some sort of investigation is in progress, and that he had been told by an internal revenue man that such was the case.

Mr. MORETTI. I haven't been told yet.

Mr. HALLEY. Let us ask a few more questions, and if he wants to assert his own privileges, I am sure the chairman will rule on it. You have no records whatsoever of your own financial transactions?

Mr. MORETTI. No.

Mr. HALLEY. Have you ever had any?

Mr. MORETTI. The only record I can tell you, here, my laundry, my accountants take care of that.

Mr. HALLEY. That is easy, because you get \$240 a week.

Mr. MORETTI. That's right.

Mr. HALLEY. And that does not require much in the way of recording.

Mr. MORETTI. That's right. It's by check.

Mr. HALLEY. What I am concerned with is the following: In 1946 you reported for commissions, brokerage, betting, and handicapping \$20,800. In 1948, \$31,200. In '47, \$25,000 even for yourself and \$15,000 for your wife.

Mr. MORETTI. \$25,000; you've got that wrong.

Mr. HALLEY. That is what I have got for '47, a total of \$40,000, divided between you and your wife. Is that wrong?

Mr. MORETTI. In '47?

Mr. HALLEY. '47.

Mr. MORETTI. No. It's \$50,000 between me and my wife.

Mr. HALLEY. Fifty thousand. How does it break up as you have it?

Mr. MORETTI. She happened to be at the track with me, and she won \$15,000.

Mr. HALLEY. But I mean, she has \$15,000 and you have what? Thirty-five?

Mr. MORETTI. I want to know, after you pay the Government, what have you got left?

Mr. HALLEY. In 1947. Are you sure you are talking only about the betting? I am not talking about your salaries, commissions, from United States Linen. For the betting, it seems to me your return shows \$25,000 for '47, and some additional income from your linen company, which would bring it up to around—

Mr. MORETTI. Yes, I filed for \$35,000, my wife filed for \$15,000.

Mr. HALLEY. That is right, but of your \$35,000, \$10,670—

Mr. MORETTI. In '47, it was only \$200 a week; right?

Mr. HALLEY. No. It shows the same as it does in '49.

Mr. MORETTI. Yes, but the raise just come now, \$240, this year, 20 percent raise on our wages.

Mr. HALLEY. It shows \$6,500, Mr. Moretti, from United States Linens, and \$3,900 from United States Linen Laundry.

Mr. MORETTI. Yes.

Mr. HALLEY. So we take that off the \$35,000, then you have got dividends and interest of \$270, you take that off, and you get \$25,000 even.

Mr. MORETTI. Right.

Mr. HALLEY. From betting?

Mr. MORETTI. Yes; that's right.

Mr. HALLEY. I am talking about the betting income now.

Mr. MORETTI. Yes.

Mr. HALLEY. So I guess we are in agreement.

Mr. MORETTI. I probably won that much, yes.

Mr. HALLEY. Then in 1946 from betting you show \$28,600, and in 1945 for betting you show \$38,000.

Mr. MORETTI. That's right.

Mr. HALLEY. And in 1944, for betting you show \$30,000 even.

Mr. MORETTI. It is \$33,830.

Mr. HALLEY. No. The \$3,830 is from your Linen Supply and dividends and interest.

Mr. MORETTI. That's right.

Mr. HALLEY. But the betting is \$30,000 even.

Mr. MORETTI. Yes.

Mr. HALLEY. And then in 1945, your wife also had \$15,600.

Mr. MORETTI. That's right.

Mr. HALLEY. The question is, what records do you have to show this income from commissions, brokerage, betting?

Mr. MORETTI. These I don't have. After I pay my income tax, after 3 or 4 months I don't get no notice from the income tax, I might destroy them, that's all.

Mr. HALLEY. But you have no paid income tax for 1950, and I am asking you now what records you have.

Mr. MORETTI. I have a piece of paper home what I won this year, about \$11,000, to my knowledge.

Mr. HALLEY. But that piece of paper was subpoenaed by this committee. Your subpoena asked you to bring your financial record, did it not?

Mr. MORETTI. I don't know why I did it for. I can't answer that. I haven't got it here. I only can tell you what I know mentally.

Mr. SULLIVAN. Mr. Halley, I want to point out that a man who goes to the race track like Mr. Moretti does every day, it may be that they do not keep bookkeeping records like you would in a business or in a law office.

Mr. HALLEY. I want——

The CHAIRMAN. That is what we are inquiring about, Mr. Sullivan. Just what sort of records does he keep?

Mr. HALLEY. A fellow who works for a living all day is sort of tired at the end of the evening, and he has to keep a pretty good record.

Mr. SULLIVAN. That is pretty hard work at a race track. They are tired at the end of the day.

Mr. HALLEY. I am wondering if it is such hard work that they can't keep a record equivalent to what any honest working man has to keep.

Mr. MORETTI. Are you trying to tell me I try to violate the principles of this committee by not bringing the record?

Mr. HALLEY. You certainly did not respond to your subpoena.

Mr. MORETTI. I have a pretty good memory.

Mr. HALLEY. I am sorry?

Mr. MORETTI. I have a pretty good memory.

Mr. HALLEY. Exactly, then, what do your records show?

Mr. MORETTI. About \$11,000, to my knowledge.

Mr. HALLEY. How does it break down? What does it show, say, for the month of November, last month?

Mr. MORETTI. I don't go by the months. I go by day.

Mr. HALLEY. Well, what does it show for November 1, 1950?

Mr. MORETTI. I can't answer. From the first of the year till the last time I was at the track, I'm ahead about \$11,000.

Mr. HALLEY. Do you have a breakdown showing what you lost on January 1, and what you won on January 2?

Mr. MORETTI. This year I didn't lose anything.

Mr. HALLEY. You did not lose anything?

Mr. MORETTI. No; I won every time I went to the race track.

Mr. HALLEY. How many times were you at the race track this year?

Mr. MORETTI. Probably 15, 20 times.

Mr. HALLEY. At what tracks?

Mr. MORETTI. The three tracks.

Mr. HALLEY. Aqueduct?

Mr. MORETTI. Aqueduct, Belmont, and also down the shore, Jersey, I was there pretty near every day.

Mr. HALLEY. Did you go down to the Atlantic City track?

Mr. MORETTI. I was there twice, I think, this year.

Mr. HALLEY. And what other track along the shore?

Mr. MORETTI. Monmouth Park.

Mr. HALLEY. You were down there almost every day?

Mr. MORETTI. Yes. It's right near my home. They built a track right near my home; more convenient.

Mr. HALLEY. What is the track next to your home?

Mr. MORETTI. The Monmouth Park.

Mr. HALLEY. The Monmouth Park. That is near your Deal home?

Mr. MORETTI. I had a deposit on that property during the depression. I bought \$350,000 land for \$11,000. I had a deposit and forgot about it. If I had held it, I could have sold it for \$100,000.

Mr. HALLEY. How much did you get from them?

Mr. MORETTI. I didn't buy it. I had a deposit, and I took it back. That also was bought from the city.

Mr. HALLEY. But you did not keep that?

Mr. MORETTI. I didn't go through with it; no.

Mr. HALLEY. Why not? Was somebody fighting you on it? They had a little political pressure, too?

Mr. MORETTI. Who could see futures? Could you predict a war? Look at the home I bought down in Deal for \$16,250. That's why I've got a big reputation on paper. They see my beautiful home down there. It's a millionaire's home.

Mr. HALLEY. It costs a lot of money to keep it up, does it not?

Mr. MORETTI. It don't cost too much. I do pretty good at the race track, pays it off.

Mr. HALLEY. I am wondering; for instance in 1949, your total income was \$31,000. You have got all of these automobiles, and two homes, and you go to Florida and pay \$75 a day. How do you do it?

Mr. MORETTI. I do it pretty good.

Mr. HALLEY. How do you manage it? How does the arithmetic work?

Mr. MORETTI. I can't tell you.

Mr. HALLEY. Of \$31,000, you had to pay in taxes \$6,000, so you had \$25,000 left.

Mr. MORETTI. You have \$25,000 left after you pay the Government?

Mr. HALLEY. You have no Jersey State tax, do you?

Mr. MORETTI. No.

Mr. HALLEY. You manage pretty well on your \$25,000.

Mr. MORETTI. I manage to live on about \$200 a week.

Mr. HALLEY. What are these records? Let us get back to them. They are really the thing I am trying to find out about.

Mr. MORETTI. This record, I will call up the house, and let somebody fly them down here.

Mr. HALLEY. How many pieces of paper is it?

Mr. MORETTI. Just a piece of paper.

Mr. HALLEY. One piece of paper?

Mr. MORETTI. A piece of paper, and I used to keep those, what do you call them, programs, from the track.

Mr. HALLEY. Do you have any programs right now?

Mr. MORETTI. No, I haven't.

Mr. HALLEY. You have no programs?

Mr. MORETTI. No.

Mr. HALLEY. Do you have any at home?

Mr. MORETTI. I may have some at home, yet.

Mr. HALLEY. You may have some?

Mr. MORETTI. I may.

Mr. HALLEY. Do you know how many you have at home?

Mr. MORETTI. I can't tell you.

Mr. HALLEY. But you have a piece of paper at home?

Mr. MORETTI. That is right.

Mr. HALLEY. Is that one piece or more than one piece?

Mr. MORETTI. No. As I get a sheet, I put down day by day. I don't go to the track every day. When I put it down——

Mr. HALLEY. What kind of paper is it? Is it a big piece of paper?

Mr. MORETTI. A piece of paper.

Mr. HALLEY. Is it as big as those yellow sheets you have right there?

Mr. MORETTI. Yes, that's right.

Mr. HALLEY. Does it have lines on it?

Mr. MORETTI. I don't remember if there is lines or not.

Mr. HALLEY. You don't remember if it has lines or not?

Mr. MORETTI. No.

Mr. HALLEY. Is it white paper or yellow paper?

Mr. MORETTI. White paper.

Mr. HALLEY. White paper?

Mr. MORETTI. Yes.

Mr. HALLEY. Do you write on it in pencil, or in ink?

Mr. MORETTI. Sometimes pencil and ink.

Mr. HALLEY. Sometimes pencil and sometimes ink?

Mr. MORETTI. Yes.

Mr. HALLEY. Now, you have had that piece of paper all year?

Mr. MORETTI. During the race track, yes.

Mr. HALLEY. In other words, you started writing on that piece of paper back last spring, is that right?

Mr. MORETTI. Probably, yes.

MR. HALLEY. And you have been making notations right along, down to now?

MR. MORETTI. Yes.

MR. HALLEY. Have you filled up one side of the paper?

MR. MORETTI. It's only about maybe about 20 days, that's all.

MR. HALLEY. Only about 20 days?

MR. MORETTI. About 20 days at the track.

MR. HALLEY. You have not lost at all this year?

MR. MORETTI. No, sir; I haven't lost a penny this year.

MR. HALLEY. You think you have only won though about \$12,000?

MR. MORETTI. That is right; about \$11,000.

MR. HALLEY. \$11,000; and how many different entries are on this piece of paper?

MR. MORETTI. How many what?

MR. HALLEY. How many different entries on this piece of paper?

MR. MORETTI. I can't tell right now.

MR. HALLEY. Would you be willing to deliver it to a committee investigator the minute you get back to your home?

MR. MORETTI. Yes, sir.

MR. HALLEY. When are you going home?

MR. MORETTI. When you let me loose.

MR. HALLEY. Would you be willing to meet a committee investigator in New York and take him out to your house, and hand him the paper right away, showing your records for this year?

MR. MORETTI. Maybe, if I can find it right away, I'll give it to him.

MR. HALLEY. Where is it? Where do you keep this record?

MR. MORETTI. I've got to look for it in one of the drawers. I've got grandchildren, you know. They crash in all my drawers. A lot of times I don't even find any shirts and ties.

MR. HALLEY. Sometimes you lose this record?

MR. MORETTI. I haven't lost any record.

MR. HALLEY. You are really sure you have such a record?

MR. MORETTI. Yes; I'm positive I have.

MR. HALLEY. Then if we have somebody meet you when you get to New York, you think you can turn it over?

MR. MORETTI. Is it that important?

MR. HALLEY. Yes.

MR. MORETTI. If you say so, I will.

MR. HALLEY. I will ask you to arrange that with Mr. Murray as soon as he finishes testifying.

MR. MORETTI. I never met Mr. Murray.

MR. HALLEY. Have you met Mr. Murray? He is right there.

MR. MORETTI. I have—

THE CHAIRMAN. We do not want to keep your record, but we will make a photostat of it.

Senator Tobey?

Senator TOBEY. No questions.

THE CHAIRMAN. Mr. Moretti, the main thing is, Do you have a ledger book where you keep any amounts that you lose as well as what you win on these various betting days?

MR. MORETTI. Sometimes I do, sometimes I don't.

THE CHAIRMAN. When you come home, you just put down the amount you have won, or the net amount you have lost, on this piece of paper; is that it?

Mr. MORETTI. That's right.

The CHAIRMAN. And then sometimes you keep some of the programs to show what races you have won on, and what races you have lost on, what the odds were?

Mr. MORETTI. That's right.

The CHAIRMAN. Sometimes you don't?

Mr. MORETTI. That's right.

The CHAIRMAN. Then when you go to your auditor to have him fix up the tax returns you show him the piece of paper, or you just tell him what the amounts are?

Mr. MORETTI. Just tell him.

The CHAIRMAN. Just tell him?

Mr. MORETTI. Yes.

The CHAIRMAN. And you keep the record yourself?

Mr. MORETTI. That's right.

The CHAIRMAN. I did not understand when you bought this house that you have been offered \$250,000 for, for sixteen-thousand-and-some-odd dollars. Did you handle that yourself, or did someone handle it for you?

Mr. MORETTI. The agent.

The CHAIRMAN. What agent?

Mr. MORETTI. Let's see, now; he's in Long Branch, Meyer Bros.

The CHAIRMAN. Meyer Bros.?

Mr. MORETTI. Meyer Bros.; yes.

The CHAIRMAN. Did you have to get in touch with anybody in order to make any sort of deal to buy this house at that price?

Mr. MORETTI. When I seen the house it was astonishing. He told me it was \$15,000 first, so I gave him \$1,000 cash deposit right away. I thought he was kidding me. And about 3 days after he called me, and said, "I have to see you. There is some of the bank officials in the Lincoln National Bank." I said, "What happened?" "Oh, nothing," he said, "just we want to see you." So I was living in Brighton Avenue at that time, in a rented home, so he come with two officials from the bank.

So I gave them lunch, and during their waiting for lunch they said, "Mr. Moretti, we're sorry to come here because the agent made a mistake with quoting the price." I says, "Here's where I lose something that I've been looking for." I said, "What is the difference?" "The difference," he said, "he quoted \$15,000 instead of \$16,250." I said, "Forget about it. Make it \$16,250."

The CHAIRMAN. When was this, Mr. Moretti? How long ago has this been?

Mr. MORETTI. 1940.

The CHAIRMAN. And when did you get offered \$250,000?

Mr. MORETTI. For the same house.

The CHAIRMAN. I mean, what year?

Mr. MORETTI. 1947 and 1948.

The CHAIRMAN. The bank had a mortgage on the house, and had to foreclose it?

Mr. MORETTI. You mean, how I have it now? It's all paid.

The CHAIRMAN. Is that the day you got it?

Mr. MORETTI. I got it, yes, from the bank.

The CHAIRMAN. The bank apparently had a mortgage, and foreclosed the mortgage?

Mr. MORETTI. I had a mortgage of \$10,000. I paid \$8,000, and the rest on mortgage.

The CHAIRMAN. Did your attorney handle the matter for you?

Mr. MORETTI. No; the agent did.

The CHAIRMAN. You said this building—here is your card and picture of the building. Let this be filed as an exhibit.

(The document referred to was marked as exhibit No. 9, and is on file with the committee.)

Mr. MORETTI. Here's my building down the shore, if you want to look at it. That's why they say I'm a millionaire. I may sell it now.

The CHAIRMAN. I did not understand.

Mr. MORETTI. That's my building down there.

Mr. SULLIVAN. He has a picture of his home. It is a rather indistinct picture.

The CHAIRMAN. I would like to see it myself.

Mr. MORETTI. Give it to him. Let him look at it. Maybe wants to come down for dinner sometime.

The CHAIRMAN. I imagine you would have a good meal.

This picture has at the top of it, "The Moretti estate." That is the one you paid \$16,000 for. It is a beautiful home.

Mr. MORETTI. Six acres of land there, too. I have a lake there.

The CHAIRMAN. That will be filed also as an exhibit.

Mr. SULLIVAN. I will take the picture off, Senator.

The CHAIRMAN. You do not mind us having the picture, do you?

Mr. MORETTI. Yes, you can take the picture. Just give me my records.

Mr. SULLIVAN. He has got his notations of his income tax on the back of it.

Mr. MORETTI. Take the picture right off. That is sort of a postal card.

The CHAIRMAN. All right.

Now, Mr. Sullivan, the list on that letterhead, where you have the directors of the various corporations and officers—

Mr. SULLIVAN. Do you want that, Senator?

The CHAIRMAN. Can that be filed?

Mr. MORETTI. No; I have no objection whatsoever.

Mr. SULLIVAN. He has got some notations here. These, I suppose are just something to refresh his recollection.

Mr. MORETTI. That's all my recollection. This don't mean anything.

The CHAIRMAN. Just let him mark the notations off.

Mr. MORETTI. I can give it to him. I'll take this here, and they can have the rest.

(The document referred to was marked as exhibit No. 10, and is on file with the committee.)

The CHAIRMAN. Now, there is one other matter I did not understand. That has been filed as exhibit No. 10.

Mr. Moretti, about this Noxall Linen Supply Co., as I understand it they made a complaint in 1939, and there was an investigation?

Mr. MORETTI. Yes.

The CHAIRMAN. Is that correct?

Mr. MORETTI. The president of that firm, he was the president of the association, the Consolidated Laundries. They're all indicted. Sixty-one of them were indicted here in Washington.

The CHAIRMAN. That was in 1939. Then you said while the matter was pending that he was killed?

Mr. MORETTI. No, no. I don't know if it was in 1939, what day they got indicted. I don't know. They got indicted maybe in 1938. They gave me that before the grand jury in New York, the Federal grand jury.

The CHAIRMAN. What was this president's name?

Mr. MORETTI. Gee, I don't know. I don't remember what's his name.

The CHAIRMAN. You say in 1945 he was riding a horse and was killed?

Mr. MORETTI. I don't say 1945. I don't remember the year he rode a horse, but he died before 1945, or they wouldn't have became my partners.

The CHAIRMAN. Anyway, sometime before 1945 he was riding a horse and got killed?

Mr. MORETTI. He died. He fell off a horse, and the horse kicked him in the head.

The CHAIRMAN. That is when you then merged, took over this company that merged with your company; is that correct?

Mr. MORETTI. That's right.

The CHAIRMAN. Does the U. S. Linen Supply Co. have an operation where you have these coin boxes in apartments where you can put a quarter in and get some laundry worked on? Is that your operation?

Mr. MORETTI. No, sir.

The CHAIRMAN. You operate a regular laundry?

Mr. MORETTI. Regular laundry, yes, sir.

The CHAIRMAN. Get the laundry, bring it in to your place?

Mr. MORETTI. Regular laundry.

The CHAIRMAN. You do not have any coin machines?

Mr. MORETTI. No, sir.

The CHAIRMAN. Don't you have some contract with some of the large apartment companies out there?

Mr. MORETTI. Large contracts of what?

The CHAIRMAN. With some of the apartments to do their laundry?

Mr. MORETTI. Hospitals and apartment houses. Most of my business is just restaurants and hotels and hospitals.

The CHAIRMAN. Is most of it in New Jersey?

Mr. MORETTI. Yes, sir; northern New Jersey. I have got a few in New York.

The CHAIRMAN. Do you have an interest, or some connection with any labor union activity?

Mr. MORETTI. What?

The CHAIRMAN. Any labor union activity?

Mr. MORETTI. No, sir; never did.

The CHAIRMAN. In connection with building buildings, or a trade association?

Mr. MORETTI. No, sir.

The CHAIRMAN. Never did?

Mr. MORETTI. No, sir.

The CHAIRMAN. Did you ever handle any fight promotions?

Mr. MORETTI. Fight promotions? I once backed Jack Kearns.

The CHAIRMAN. Jack who?

Mr. MORETTI. Jack Kearns, Jack Dempsey's manager. I backed him up, matched Pat Comiskey.

The CHAIRMAN. What do you mean, you backed him up?

Mr. MORETTI. I backed him up.

The CHAIRMAN. You had a piece of him?

Mr. MORETTI. He had no money. He was broke, a broken-down bum, and I backed him up. From a millionaire, to a bum.

The CHAIRMAN. You mean you financed him?

Mr. MORETTI. I financed it; yes, sir.

The CHAIRMAN. Got him trained up?

Mr. MORETTI. I had no interest at all. I just put up \$30,000 for him to go through with the match.

The CHAIRMAN. What did you get back?

Mr. MORETTI. My \$30,000; that's all I wanted, and I borrowed it.

The CHAIRMAN. You did not get any profit out of it?

Mr. MORETTI. No, sir. There was about \$7,800 profit, and they split it between themselves.

The CHAIRMAN. About how much?

Mr. MORETTI. About \$7,800 profit, I think they made, and they split it between themselves.

The CHAIRMAN. Seventy-eight thousand profit?

Mr. MORETTI. Seventy-eight hundred. They had a house of about 78,000.

The CHAIRMAN. Did you have anything you wanted to add to what you have told the committee?

Mr. MORETTI. I said all I could.

Mr. SULLIVAN. Just to express his appreciation, that's all, for your consideration.

The CHAIRMAN. Mr. Moretti, I think, has talked forthrightly, and has given the committee information which I do not think incriminates him. He has his records here, and he has been of considerable value to the committee.

Senator TOBEY. I think, Mr. Chairman, it is rather refreshing to find a witness who has been as frank as this man has been.

The CHAIRMAN. That is all.

Mr. MORETTI. Thank you very much. Don't forget my home in Deal if you are down the shore. You are invited.

The CHAIRMAN. Do you have inside tips on these horses?

Mr. MORETTI. I am a pretty good handicapper myself.

The CHAIRMAN. Do you have an opportunity of talking with the jockeys, the owners, before you bet on these horses?

Mr. MORETTI. I don't.

The CHAIRMAN. You just look over the form?

Mr. MORETTI. That's all, over the form. Of course, tips go around the race track, like if you listen to everybody, you got to go broke, so I have a great following. Follow me and see what I do.

The CHAIRMAN. You use your own judgment. All right.

Mr. SULLIVAN. May we have that record?

Mr. MORETTI. You can have the one with the house on it. Just take the sheet.

The CHAIRMAN. We have another picture of your house.

Mr. SULLIVAN. You don't need it?

Mr. HALLEY. No. I just want to get the answer to one question.

As you know, the telephone companies keep records of long-distance calls, Mr. Moretti, and we have a number of records, and this is a question that slipped my mind.

It shows in September of 1947, you received some collect telephone calls from somebody named Halley, and I just wanted to get the record clear.

Mr. MORETTI. He is a horse owner.

Mr. HALLEY. Who is he?

Mr. MORETTI. A horse owner. Everybody thought it was you.

Mr. HALLEY. I just wanted to make sure. It is not me, is it?

Mr. MORETTI. No; it's not you.

Mr. HALLEY. It is a horse owner?

Mr. MORETTI. A horse owner, yes.

Mr. HALLEY. He must have been at the track, then?

Mr. MORETTI. He has got about 10 or 15 horses.

Mr. HALLEY. Thank you.

The CHAIRMAN. The committee will stand in recess until 2:30 this afternoon.

(Whereupon, at 12:30 p. m., a recess was taken, to reconvene at 2:30 p. m., of the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

The chairman for a while this afternoon will be engaged with other members of the Committee on Armed Services in marking up the civil-defense bill. Senator Hunt has been designated as acting chairman, and chairman of the subcommittee of one, with power to swear witnesses and to take sworn testimony. Other members of the special committee will join him in the proceedings later this afternoon.

Go ahead, Senator Hunt.

Senator HUNT. For the benefit of the press, I wish to make a brief opening statement.

A subpoena to testify before this committee was served in San Francisco this morning on Mr. Martin H. Hartman of San Francisco and Las Vegas. Mr. Hartman is one of the witnesses the committee has been very anxious to place under subpoena. His name is on the list of those upon whom warrants of arrest were asked by the Senate committee some time ago. We expect to have him before us at some later day to testify about what he knows of the Mountain City Consolidated Copper Co. and the sale of its stock. Service of the committee's subpoena on Mr. Hartman reduces the list of missing witnesses now to seven. While the resolution sponsored by the committee is under consideration by the Senate Judiciary Committee the search for these seven wanted witnesses will continue with intensity.

Mr. James Lynch, will you take the witness chair, please.

Mr. Lynch, do you swear the testimony you are about to give this committee is the truth, the whole truth, and nothing but the truth?

Mr. LYNCH. Yes, sir.

Senator HUNT. You may be seated.

All right, Mr. Halley.

TESTIMONY OF JAMES LYNCH, PALISADES PARK, N. J., ACCOMPANIED BY JOHN E. SELSER, ATTORNEY, HACKENSACK, N. J.

Mr. HALLEY. What is your full name, Mr. Lynch?

Mr. LYNCH. James Lynch.

Mr. HALLEY. And what is your address?

Mr. LYNCH. 85-B Henry Avenue, Palisades Park.

Mr. HALLEY. Do you have a business address?

Mr. LYNCH. No business address.

Mr. HALLEY. Do you have any business?

Mr. LYNCH. No, sir.

Mr. HALLEY. This committee made very intensive efforts to serve a subpoena on you during the month of October 1950. Would you mind telling me where you were from October 1 to October 15, 1950?

Mr. LYNCH. October 1?

Mr. HALLEY. Yes.

Mr. LYNCH. I was at my home in October.

Mr. HALLEY. Are you married to Virginia Lynch?

Mr. LYNCH. That is right.

Mr. HALLEY. She appeared as a witness before this committee on October 12 and said that about a week prior to that time you had left home.

Mr. LYNCH. That is right; I did.

Mr. HALLEY. About October 5?

Mr. LYNCH. Around that time, somewhere around that time.

Mr. HALLEY. And where did you go?

Mr. LYNCH. I went to my mother's house.

Mr. HALLEY. Where is that?

Mr. LYNCH. Jersey City.

Mr. HALLEY. Why did you do that?

Mr. LYNCH. I was in a run-down condition. I was very sick at the time and I didn't want to disturb my Mrs., and let her worry about me.

Mr. HALLEY. You didn't even tell her where you were?

Mr. LYNCH. That is right; I didn't want her to know where I was.

Mr. HALLEY. You did not want her to know where you were?

Mr. LYNCH. I just didn't want her to worry about me.

Mr. HALLEY. Did you not know that this committee was trying to serve a subpoena upon you?

Mr. LYNCH. No, sir.

Mr. HALLEY. Did you tell her that you were going to take a trip?

Mr. LYNCH. I told her I was going away. I didn't want her to know where I was at.

Mr. HALLEY. And you went away as far as Jersey City?

Mr. LYNCH. That is right.

Mr. HALLEY. And you stayed away until this committee's hearings were over, is that right?

Mr. LYNCH. No, I was back. I come back when I found out my wife had got subpoenaed.

Mr. HALLEY. When was that?

Mr. LYNCH. I read it in the papers.

Mr. HALLEY. When was that?

Mr. LYNCH. Well, while I was at my mother's house, I picked the paper up and read it.

MR. HALLEY. Did you make any efforts to come in before the committee and say you were now present?

MR. LYNCH. Not at that time, no, but I never run away from no subpoena or anything else.

MR. HALLEY. You made no effort to spare your wife the problem of appearing before this committee?

MR. LYNCH. I didn't know she was subpoenaed.

MR. HALLEY. And the embarrassment attendant thereto.

MR. LYNCH. I said I did not know she had it.

MR. HALLEY. It was in the newspapers.

MR. LYNCH. A day or so before. I think the same day I read the paper was when she had to be in New York.

MR. HALLEY. And you did not make any effort to come and appear yourself?

MR. LYNCH. I didn't know they were looking for me.

MR. HALLEY. It said so in all the newspapers, Mr. Lynch. Didn't you see that in the newspapers?

MR. LYNCH. No, sir. I would never duck nobody. I have never been away from any place.

MR. HALLEY. You ducked the service of this committee's subpoena, did you not?

MR. LYNCH. I am here now, Your Honor.

MR. HALLEY. My name is Halley. There is no reason to call me "Your Honor."

MR. LYNCH. Halley.

MR. HALLEY. Were you under a doctor's care while at your mother's house?

MR. LYNCH. No, sir; I was not.

MR. HALLEY. Did you stay there or go out to attend to business?

MR. LYNCH. I didn't have any business at that time. I just went there to relax and rest myself. I was in a run-down condition. I have lost 30 pounds since October. I still feel the effects of it.

MR. HALLEY. But you had no doctor to take care of you?

MR. LYNCH. Not at that time; no.

MR. HALLEY. Now, Mr. Lynch, you say you have no business?

MR. LYNCH. That is right.

MR. HALLEY. When did you last have a business?

MR. LYNCH. On advice of my counsel I refuse to answer.

MR. HALLEY. Have you ever had a legitimate business?

MR. LYNCH. No, sir.

MR. HALLEY. You have not?

MR. LYNCH. No.

MR. HALLEY. At no time?

MR. LYNCH. No, sir.

MR. HALLEY. How old are you, Mr. Lynch?

MR. LYNCH. Forty-six.

MR. HALLEY. Where were you born?

MR. LYNCH. Jersey City, N. J.

MR. HALLEY. And you have lived in New Jersey ever since?

MR. LYNCH. Yes, sir.

MR. HALLEY. You have never lived in any other State?

MR. LYNCH. No, sir.

MR. HALLEY. And where did you go to school?

Mr. LYNCH. Jersey City.

Mr. HALLEY. Through what grades in school did you attend?

Mr. LYNCH. Seventh grade.

Mr. HALLEY. And then what did you do?

Mr. LYNCH. Well, I went to work as an office boy.

Mr. HALLEY. Were you ever arrested?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. You were?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. On what charges?

Mr. LYNCH. On a robbery charge.

Mr. HALLEY. When was that, do you remember?

Mr. LYNCH. 1922.

Mr. HALLEY. And were you convicted?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. Did you go to jail?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. How long did you serve?

Mr. LYNCH. Seven years and six months.

Mr. HALLEY. Seven years?

Mr. LYNCH. Yes.

Mr. HALLEY. Where did you serve that?

Mr. LYNCH. Trenton State Prison, New Jersey.

Mr. HALLEY. And you got out in 1929?

Mr. LYNCH. That is right.

Mr. HALLEY. Were you convicted of any crime after that?

Mr. LYNCH. No, sir.

Mr. HALLEY. Did you get a 6-month sentence in Trenton in 1937?

Mr. LYNCH. No, sir.

Mr. HALLEY. You did not?

Mr. LYNCH. No, sir.

Mr. HALLEY. Were you arrested in 1933 in Trenton for aiding and abetting a lottery?

Mr. LYNCH. No, sir.

Mr. HALLEY. You say you were not arrested for that at all?

Mr. LYNCH. No, sir.

Mr. HALLEY. Do you take the position that that one arrest in 1922 is the only arrest?

Mr. LYNCH. Outside of a disorderly person.

Mr. HALLEY. When were you arrested for being a disorderly person?

Mr. LYNCH. After I come out of prison.

Mr. HALLEY. How long after that?

Mr. LYNCH. A couple of months.

Mr. HALLEY. What happened then?

Mr. LYNCH. Well, I was given 90 days for disorderly person's case.

Mr. HALLEY. Where was that?

Mr. LYNCH. In Hoboken, N. J.

Mr. HALLEY. Hoboken?

Mr. LYNCH. That is right.

Mr. HALLEY. And were you ever arrested after that?

Mr. LYNCH. No, sir.

Mr. HALLEY. Were you not arrested for being a disorderly person in Trenton in May of 1937 and given 6 months?

Mr. LYNCH. No, sir.

Mr. HALLEY. If the record shows that, it would be a mistake?

Mr. LYNCH. I guess it is.

Mr. HALLEY. I have an FBI record in front of me.

Mr. LYNCH. That must be a mistake. I was never arrested.

Mr. HALLEY. You referred to two convictions. Have you ever been convicted on any other occasion?

Mr. LYNCH. No, sir.

Mr. HALLEY. That is the disorderly person conviction?

Mr. LYNCH. Yes.

Mr. HALLEY. Now after you were convicted as a disorderly person what business were you in?

Mr. LYNCH. On advice of my counsel I refuse to answer.

Mr. HALLEY. Do you have any legitimate business?

Mr. LYNCH. No, sir.

Mr. HALLEY. You never have had one?

Mr. LYNCH. No, sir.

Mr. HALLEY. Now, Mr. Lynch, when your wife testified before the committee she testified that you were supporting her, and your family lived reasonably comfortably, had reasonable amounts of money for food and shelter, clothing, and such. Is it not a fact that you do support your family?

Mr. LYNCH. That is right.

Mr. HALLEY. Then you do have some sort of income. Would that be true?

Mr. LYNCH. That is right.

Mr. HALLEY. Mr. Lynch, do you know Anthony Guarini?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. Do you know a Max Stark?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. How long have you known Max Stark?

Mr. LYNCH. I would say about a year or so.

Mr. HALLEY. Did you ever ask Max Stark to cash a check for you?

Mr. LYNCH. I can't answer that question.

Mr. SELSER. May I make a statement to the committee with regard to this witness?

I represent him in proceedings now pending in the States of New Jersey and New York, charges having been made against him alleging conspiracy with relation to certain alleged gambling activities in those States and in other places. The matters are now pending. He is presently under bail, having joined issue with the State, at the present phase of the proceedings.

In addition to this, I have been informed that his income-tax returns are now being investigated by the Internal Revenue Department with a view to inquiring into whether or not there has been a fraud in returns made, so as to lay the foundation for complaints against him under the Federal law for income-tax evasion. For this reason, I am advising my client not to make answers to questions which in my judgment he is privileged not to answer on the ground that to do so might be to testify against himself. And I claim his privilege under the fifth amendment to the Constitution of the United States and like provisions under the Constitutions of the States of New York and New Jersey.

I have already made a statement before the committee that this being an open session to which all persons are invited, his admissions would be used, if admissions were made, would be used in proceedings against him. I have said in my formal statement that if the committee will set up a program by which this man may give them information within the four corners of the resolution for the exclusive use of the committee, or of the Senate, within the four walls of the resolution under which the committee is created, I should advise my clients very differently as to the need for answering such questions.

Now if the committee be sincerely interested in desiring information for the use of the Senate and not to have the committee used as an arm of the prosecuting officers of the various States and other law-enforcement agencies, if they will do this sort of thing, then, of course, we are very glad to cooperate with the Senate committee, and give them all the information for its use only under such a program. If questions are to be propounded which may be answered by counsel in written form after consultation, I should be very glad to cooperate with the committee and the Senate as a whole.

Now, on the basis of this reasoning I am advising my client not to answer these questions.

Senator HUNT. The counsel for the committee will proceed. My opinion as acting chairman, at least, is that any information we are entitled to privately we are entitled to publicly.

You may proceed.

Mr. HALLEY. Now the question was, Did you ever give Max Stark a check to cash?

Mr. LYNCH. On advice of counsel I refuse to answer.

Senator HUNT. The acting chairman requests the witness to answer "Yes" or "No."

Mr. LYNCH. On advice of counsel I refuse to answer on the ground that I don't want to incriminate myself.

Senator HUNT. The acting chairman directs and orders the witness to answer "Yes" or "No."

Mr. SELSER. I have advised him, sir, not to answer at all.

Senator HUNT. Allow the witness to make his own statement, please, if you will, counsel.

Mr. LYNCH. I refuse to answer.

Mr. HALLEY. At that point, Mr. Chairman, counsel desires to offer in evidence a check drawn on the Corn Exchange Bank Trust Co. in the amount of \$350, dated February 24, 1948. I request, because this is an open record, that when this check goes into the record the committee staff be instructed to clip out the name of the signer of the check, the drawer of the check, whose name the committee has been requested to keep confidential until such a time as the committee deems it proper to make it available publicly.

The endorsement on the check, Mr. Chairman, is James Lynch, and under his endorsement is "Max Stark special," and it shows that it was deposited in the Mercantile Bank of New York. I offer this in evidence.

Senator HUNT. It will be received into the records, and under what exhibit number?

Mr. HALLEY. Exhibit No. 11.

Mr. SELSER. May I be heard in behalf of my client in this regard, sir?

Senator HUNT. You may.

Mr. SELSER. I consider that this is a violation of my client's constitutional right and is an attempt to do that for the prosecuting officials of the State which they might not have done for themselves, and I must respectfully ask that this be not made a part of the public record.

Senator HUNT. The acting chairman will rule it shall now be received as exhibit No. 11 for the record.

(The document referred to was marked as exhibit No. 11, and is on file with the committee.)

Mr. HALLEY. Mr. Nellis, will you take the photostatic copy of the reverse side of this separate endorsement and show it to Mr. Lynch and ask him if the signature "James Lynch" which appears thereon is his signature?

Mr. NELLIS (showing document to witness). Is this your signature?

Mr. LYNCH. On advice of counsel I refuse to answer.

Senator HUNT. The acting chairman of the committee directs the witness to answer the question "Yes" or "No".

Mr. LYNCH. On advice of counsel I refuse to answer the question.

Mr. HALLEY. Mr. Chairman, I offer in evidence as exhibit 2 for this witness a check in the amount of \$500 dated September 26, 1947, drawn on the Corn Exchange Bank Trust Co., endorsed "James Lynch," second endorsement "Max Stark special," and deposited in the Mercantile Bank of New York. I would like to state in both cases what is being offered is a photostatic copy rather than the original. That applies to exhibit 1 as well as this one.

Senator HUNT. The exhibit will be received and entered in the record as exhibit No. 12.

Mr. HALLEY. Thank you.

(The document referred to was marked as exhibit No. 12, and is on file with the committee.)

Mr. HALLEY. May the record show that the testimony before the committee at a closed session was that a total of \$5,000,000 in such checks was deposited in the Mercantile Bank of New York during 5 months beginning in 1947 and ending in 1948.

Mr. Lynch, were you ever connected directly or indirectly with the G & R Trading Co.?

Mr. LYNCH. I refuse to answer on the grounds I might incriminate myself.

Senator HUNT. The acting chairman directs the witness to answer the question "Yes" or "No".

Mr. LYNCH. I refuse to answer on the advice of counsel.

Mr. HALLEY. Were you ever connected directly or indirectly with the L & L Co. of Saratoga, N. Y.?

Mr. LYNCH. On advice of counsel I refuse to answer.

Mr. HALLEY. Were you ever connected with the L & C Amusement Co.?

Mr. LYNCH. On advice of counsel I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the questions just asked "Yes" or "No".

Mr. LYNCH. I refuse to answer on the ground that I may incriminate myself.

Mr. HALLEY. Were you ever in Saratoga, N. Y.?

Mr. LYNCH. I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. Yes; I was in Saratoga.

Mr. HALLEY. Were you ever in the Arrowhead Inn in Saratoga, N. Y.?

Mr. LYNCH. Yes.

Mr. HALLEY. Were you in the Arrowhead Inn during the years of 1947 and 1948?

Mr. LYNCH. On advice of my counsel I refuse to answer. I may incriminate myself.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer.

Mr. HALLEY. Do you know whether or not there was operated in the Arrowhead Inn at Saratoga, N. Y., in the years 1947 and 1948 a gambling game?

Mr. LYNCH. I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. On the grounds of self-incrimination I refuse to answer.

Mr. HALLEY. Is it not a fact, Mr. Lynch, that starting in 1945 with the G & R Trading Co. and through 1946, 1947, 1948, 1949, and 1950 you were part owner and an active operator of gambling games in the State of New Jersey and in Saratoga, N. Y.?

Mr. LYNCH. On advice of counsel I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer on the grounds of incriminating myself.

Mr. HALLEY. Is it not a fact that you were the office manager for L & C Amusement Co.?

Mr. LYNCH. I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer on the grounds that I may incriminate myself.

Mr. HALLEY. Is it not a fact that during the years 1946 to 1948 you received from the L & C Amusement Co. \$42,128 in profits?

Mr. LYNCH. I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question "Yes" or "No."

Mr. LYNCH. I refuse on the grounds I may incriminate myself.

Mr. HALLEY. Do you know Alex Goldfine?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. LYNCH. Four or five years, I guess.

Mr. HALLEY. When did you last see him?

Mr. LYNCH. Just about a year ago.

Mr. HALLEY. Where was that?

Mr. LYNCH. New York.

Mr. HALLEY. Whereabouts?

Mr. LYNCH. I think I met him on Seventh Avenue.

Mr. HALLEY. Just accidentally?

Mr. LYNCH. That is right.

Mr. HALLEY. Did you ever see him in New Jersey?

Mr. LYNCH. Yes.

Mr. HALLEY. Where?

Mr. LYNCH. Well, I refuse to answer that on the ground that I may incriminate myself.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer.

Mr. HALLEY. Is it not a fact that he was the straw boss for the gambling games operated by you and your associates in New Jersey?

Mr. LYNCH. I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer on the grounds that I may incriminate myself.

Mr. HALLEY. Do you know Emanuel Schafer?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. When did you last see him?

Mr. LYNCH. I don't know. Around the same time, I imagine.

Mr. HALLEY. Whereabouts?

Mr. LYNCH. I think it was in Jersey.

Mr. HALLEY. Jersey?

Mr. LYNCH. Yes.

Mr. HALLEY. Where?

Mr. LYNCH. I just don't recall. I don't recall.

Mr. HALLEY. Did you ever see him in a gambling house?

Mr. LYNCH. I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer on the grounds that I may incriminate myself.

Mr. HALLEY. Do you know what business Emanuel Schafer was in?

Mr. LYNCH. I refuse to answer.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer on the grounds that I may incriminate myself.

Mr. HALLEY. Do you know Mike Lascari?

Mr. LYNCH. I don't think I do.

Mr. HALLEY. Do you know Andrew Bruno?

Mr. LYNCH. I know of a Bruno.

Mr. HALLEY. Do you know him?

Mr. LYNCH. I know a Bruno.

Mr. HALLEY. A Bruno who runs a hotel?

Mr. LYNCH. What?

Mr. HALLEY. Who runs a restaurant?

Mr. LYNCH. Bruno's restaurant?

Mr. HALLEY. Yes.

Mr. LYNCH. In New York?

Mr. HALLEY. Yes.

Mr. LYNCH. Yes; I know him.

Mr. HALLEY. Were you ever in a restaurant he had in New Jersey?

Mr. LYNCH. New Jersey?

Mr. HALLEY. In New Jersey.

Mr. LYNCH. In New Jersey?

Mr. HALLEY. Yes.

Mr. LYNCH. Whereabouts in New Jersey?

Mr. HALLEY. Lodi.

Mr. LYNCH. I refuse to answer that question.

Senator HUNT. You have refused to answer perhaps 15 or 20 questions so far, Mr. Witness. If you are taking a chance of incriminating yourself to the extent of 15 or 20 times, you are in a rather bad way, are you not?

The chair directs that the witness answer the question yes or no.

Mr. LYNCH. I refuse to answer on the grounds I may incriminate myself.

Mr. HALLEY. Do you know John W. Barker?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. I offer in evidence withholding statement, 1947, John W. Barker, for Federal income tax withheld, and the employer stated in this income tax withholding statement is James Lynch, Gerald Catena, Joseph Doto, and Salvatore Moretti, L & C Amusement Co., care of Charles Handler, 790 Broad Street, Newark, N. J., as exhibit No. 13.

Senator HUNT. The exhibit will be received.

(The document referred to was marked as exhibit No. 13, and is on file with the committee.)

Mr. HALLEY. And I offer as exhibit No. 14 a similar withholding statement to John W. Barker for Federal income tax withheld by L & L Co., R. F. D. No. 1, Saratoga Springs, N. Y.

Senator HUNT. The exhibit will be received.

(The document referred to was marked as exhibit No. 14, and is on file with the committee.)

Mr. HALLEY. Do you know Mr. Milton Kessler?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. I offer in evidence withholding receipt for the year 1945 of Milton Kessler for Federal income tax withheld. The employer is listed as Anthony Guarini, G & R Trading Co., 109 Roosevelt Avenue, Hasbrouck Heights, N. J.

Senator HUNT. The exhibit will be received.

(The document referred to was marked as exhibit No. 15, and is on file with the committee.)

Mr. HALLEY. I offer in evidence withholding statement for the year 1948 of Milton Kessler for Federal income tax withheld. The employers are listed as J. Lynch, G. Catena, J. Doto, S. Moretti, doing business as L. & C. Amusement Co.

Senator HUNT. The exhibit will be received.

(The document referred to was marked as exhibit No. 16, and is on file with the committee.)

Mr. HALLEY. The amount of the tax here is \$136.50 on a salary of \$1,300.

Mr. Chairman, I would like to offer in evidence as the next exhibit withholding statement for the year 1948 of Milton Kessler for Federal income tax in the amount of \$115.50 on a total wage of \$1,500,

and the employer is listed as J. Lynch, J. Doto, A. Guarini, et al., doing business as Pal Trading Co.

Senator HUNT. The exhibit will be received.

(The document referred to was marked as exhibit No. 17, and is on file with the committee.)

Mr. HALLEY. Do you know Meyer Lansky?

Mr. LYNCH. Yes.

Mr. HALLEY. How long have you know him?

Mr. LYNCH. About 6 or 7 years, I imagine.

Mr. HALLEY. Have you ever been in business with him?

Mr. LYNCH. I refuse to answer on the grounds that I may incriminate myself.

Senator HUNT. The acting chairman directs the witness to answer the question yes or no.

Mr. LYNCH. I refuse to answer on the grounds that I may incriminate myself.

Mr. HALLEY. Do you know Frank Costello?

Mr. LYNCH. Slightly.

Mr. HALLEY. You don't know him well?

Mr. LYNCH. No, sir.

Mr. HALLEY. What do you mean when you say you know him slightly?

Mr. LYNCH. Well, I have never been around the fellow. I never saw him. I see him now and then; as far as knowing him, I don't know anything about him.

Mr. HALLEY. Did you ever eat at Toots' Restaurant?

Mr. LYNCH. Once in a while.

Mr. HALLEY. Did you ever see him there?

Mr. LYNCH. No, sir.

Mr. HALLEY. Did you ever see Willie Moretti there?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. Do you know Joe Arosa, Joe Bailey?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. And did you know Charles Luciano?

Mr. LYNCH. No, sir.

Mr. HALLEY. Do you know Longy Zwillman?

Mr. LYNCH. I know of him, but I don't know him.

Mr. HALLEY. You never met him?

Mr. LYNCH. No, sir.

Mr. HALLEY. Do you know Little Augie?

Mr. LYNCH. I met Little Augie in Florida one time.

Mr. HALLEY. Did you ever stay at the Wofford Hotel in Florida?

Mr. LYNCH. Yes, sir; that is where I met him.

Mr. HALLEY. Do you know Abe Allenberg?

Mr. LYNCH. I don't think I do.

Mr. HALLEY. He ran the place.

Mr. LYNCH. I don't think I do. I checked into the Wofford, and I didn't know who was their owners, or anybody else.

Mr. HALLEY. What year did you stay there?

Mr. LYNCH. I think it was in the year—about 5 years ago, I imagine, 4 or 5 years ago.

Mr. HALLEY. Do you know Johnny King?

Mr. LYNCH. No, sir.

Mr. HALLEY. Do you know Frank Erickson?

Mr. LYNCH. I know of him.

Mr. HALLEY. Do you know him?

Mr. LYNCH. Never met him.

Mr. HALLEY. Do you know Bugsy Siegel?

Mr. LYNCH. No, sir.

Mr. HALLEY. Do you know Salvatore Moretti?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. And you know Arthur Longano?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. And I think you testified you know Anthony Guarini?

Mr. LYNCH. That is right.

Mr. HALLEY. Do you know Gerry Catena?

Mr. LYNCH. Yes, sir.

Mr. HALLEY. I have no other questions, Mr. Chairman.

Before the witness is excused, Mr. Chairman, I would like to offer in evidence a withholding statement of Milton Kessler, who has previously been identified, from the Nevada Project Corp., doing business as the Flamingo, Las Vegas, Nev., for total wages of \$6,720, Federal tax withheld \$1,058.40. This is for the year 1947.

Senator HUNT. The exhibit will be received.

(The document referred to was marked as exhibit No. 18, and is on file with the committee.)

Senator HUNT. The witness is excused.

Mr. LYNCH. Thank you.

Senator HUNT. Mr. Arthur Longano, will you please take the witness chair.

Do you swear the testimony you are about to give this committee will be the truth, the whole truth, and nothing but the truth?

Mr. LONGANO. I do.

Mr. SELSER. Mr. Chairman, may the record show that I represent also this witness in the proceedings in New York and New Jersey, and with regard to the current investigation I am informed is being conducted into his income-tax returns. And may the grounds which I have heretofore expressed with regard to the other witnesses for whom I have appeared be considered as having been repeated without the need for again repeating them verbatim?

Senator HUNT. The record will show your statement. The chairman understands it.

Mr. SELSER. Thank you, sir.

Senator HUNT. The witness may be seated.

TESTIMONY OF ARTHUR LONGANO, ENGLEWOOD, N. J., ACCOMPANIED BY JOHN E. SELSER, ATTORNEY, HACKENSACK, N. J.

Mr. HALLEY. What is your full name, Mr. Longano?

Mr. LONGANO. Arthur Longano?

Mr. HALLEY. And where do you live?

Mr. LONGANO. 285 Windsor Road, Englewood, N. J.

Mr. HALLEY. Do you have any business?

Mr. LONGANO. No, I haven't.

Mr. HALLEY. When were you born?

Mr. LONGANO. February 2, 1904.

Mr. HALLEY. And where were you born?

Mr. LONGANO. West New York, N. J.

Mr. HALLEY. Have you lived in New Jersey ever since?

Mr. LONGANO. Yes, sir, I have.

Mr. HALLEY. And did you go to school?

Mr. LONGANO. I did.

Mr. HALLEY. How far did you go through school?

Mr. LONGANO. Sixth grade.

Mr. HALLEY. Have you ever been arrested?

Mr. LONGANO. I have a record.

Mr. HALLEY. Will you tell the committee whether you have ever been convicted?

Mr. LONGANO. I have.

Mr. HALLEY. And of what offenses have you been convicted?

Mr. LONGANO. Well, I have a very bad memory, and I think the Senator has my record there. I think it would be better if he read it out to me and I will answer it.

Mr. HALLEY. You were first convicted at the age of 18; were you not?

Mr. LONGANO. That is right.

Mr. HALLEY. And that was as a disorderly person?

Mr. LONGANO. Disorderly person?

Mr. HALLEY. Yes.

Mr. LONGANO. I think they got it mixed up.

Mr. HALLEY. What do you think it was? Maybe your memory is better than the record.

Mr. LONGANO. I don't remember.

Mr. HALLEY. The record is sometimes wrong, so give us your best recollection.

Mr. LONGANO. I think my first conviction was when I was 17 years, so I don't see how you got 18 there for disorderly person.

Mr. HALLEY. For what?

Mr. LONGANO. You said for disorderly person.

Mr. HALLEY. And what was it for?

Mr. LONGANO. Well, you have it there.

Mr. HALLEY. Please tell me. I am not playing games.

Mr. LONGANO. Highway robbery.

Mr. HALLEY. That is the answer. Is that the offense for which you were given 10 to 15 years; is that right?

Mr. LONGANO. That is right.

Mr. HALLEY. The record I have shows an arrest before that, with a fine for being a disorderly person. Is it possible you have just forgotten that? Just a fine, you did not go to jail.

Mr. LONGANO. I must have forgotten it.

Mr. HALLEY. Then were you given 10 to 15 years the next year for highway robbery; is that right?

Mr. LONGANO. That is right.

Mr. HALLEY. How long did you serve?

Mr. LONGANO. I served 6 years, I think; 6 or 7 years; I am not sure.

Mr. HALLEY. And have you been convicted of any other offenses since then?

Mr. LONGANO. I have.

Mr. HALLEY. Were you convicted of carrying concealed weapons?

Mr. LONGANO. Yes.

Mr. HALLEY. And have you been convicted of liquor offenses?

Mr. LONGANO. Yes.

Mr. HALLEY. And I believe you have been arrested twice in New York on charges of carrying a gun; is that right?

Mr. LONGANO. In New York?

Mr. HALLEY. Yes.

Mr. LONGANO. No, sir.

Mr. HALLEY. Well, where was it?

Mr. LONGANO. It might have been Jersey, but never New York.

Mr. HALLEY. Did you on two occasions receive suspended sentences for carrying a gun?

Mr. LONGANO. Never.

Mr. HALLEY. Never?

Mr. LONGANO. Never received a suspended sentence.

Mr. HALLEY. Never received a suspended sentence?

Mr. LONGANO. No.

Mr. HALLEY. Well, did you go to jail for carrying a gun?

Mr. LONGANO. I did.

Mr. HALLEY. When and where was that?

Mr. LONGANO. The Senator will save time if he gives me dates, and I will admit to them. I am not going to deny my record.

Mr. HALLEY. Please just believe that I have a reason for asking the questions the way I am doing it. Do the best you can, and nobody is trying to build a perjury rap against you on your record. Give us the approximate date, if you can.

Mr. LONGANO. Yes.

Mr. HALLEY. Was it about 1941?

Mr. LONGANO. Pardon me. I can't hear you.

Mr. HALLEY. Was it around 1941?

Mr. LONGANO. It could have been.

Mr. HALLEY. I mean 1931. I am sorry.

Mr. LONGANO. Thirty-one. It could have been around that time.

Mr. HALLEY. And another time in 1934?

Mr. LONGANO. It could have been, Senator.

Senator HUNT. Let me suggest to the witness, please don't be evasive in your answers. If you do know the answer, just simply say, "Yes, it was 1934." or, "It wasn't 1934, it was 1935."

Mr. SELSER. Senator, I don't think he is being evasive because he asked me if I had any idea of the year. I am certain you are going to find that this record of A. Longano is a different person, just as the record of Lynch is a different person. I already investigated the Lynch record and I know that is an entirely different Lynch.

Mr. HALLEY. We are in agreement that the highway robbery is your own record?

Mr. LONGANO. Yes.

Mr. SELSER. That is right. He was 17 when he was sent away for 15 years.

Senator TOBEY. Then, do I understand, Mr. Witness, that at 17 you were given this 15-year sentence, of which you served about 5 years, and it was after that that you were arrested on the charge of carrying a gun?

Mr. LONGANO. Yes.

Senator TOBEY. And was the gun used in the old highway robbery?

Mr. LONGANO. Yes.

Senator TOBEY. And this is no personal feeling. I am just asking to get the record clear. I am just asking for the record. Were you given one sentence for carrying the gun?

Mr. LONGANO. No; I think it was all in one.

Senator TOBEY. You were sentenced on the highway robbery to 10 to 15 years?

Mr. LONGANO. That is right.

Senator TOBEY. Subsequently you were arrested for carrying a gun; is that right?

Mr. LONGANO. That is right.

Senator TOBEY. What sentence was given there?

Mr. LONGANO. I was given a year in the county jail.

Mr. HALLEY. That is right. The record shows in 1933 1 year for possession of firearms; is that right, Hudson County jail?

Mr. LONGANO. That is right.

Mr. HALLEY. We will take it offense by offense and tie it down that way.

In 1932 you were convicted for a prohibition violation, were you not?

Mr. LONGANO. That is right.

Mr. HALLEY. And you got a 4-month sentence?

Mr. LONGANO. Suspended.

Mr. HALLEY. Suspended?

Mr. LONGANO. With a fine.

Mr. HALLEY. And you were also accused of violating your parole at that time; is that right?

Mr. LONGANO. That is right.

Mr. HALLEY. Were you also given a suspended sentence on that charge, or did you get 4 months for that?

Mr. LONGANO. I think that all come under the Hudson County jail sentence. That all combined into one.

Mr. HALLEY. And for the whole thing you went to jail for 1 year?

Mr. LONGANO. That is right.

Mr. HALLEY. For having a revolver in your possession; is that right?

Mr. LONGANO. That is right.

Mr. HALLEY. Now, then, in 1934 you were convicted, were you not, in New York?

Mr. LONGANO. I was never convicted in New York.

Mr. HALLEY. Well, this may not be yours. I must say in fairness the 1934 conviction conceivably could—however, it is an FBI fingerprint record. It is under the name of Albert Latelli. Did you ever use that name?

Mr. LONGANO. I don't remember ever having used that name.

Mr. HALLEY. You never used that name?

Mr. LONGANO. I don't think I have.

Senator HUNT. The witness knows whether he has ever used that name or whether he has not used that name. Now, answer the question, yes you have, or no you have not. Let's get this record straight.

Mr. LONGANO. Will the Senator say what he said before that so I will understand this? He said something before that about Latelli.

Mr. HALLEY. The question is: Did you ever use the name Albert Latelli?

Mr. LONGANO. Didn't you connect that with something before that?

Mr. HALLEY. Yes. I was asking you if you had ever been convicted in New York in 1934.

Mr. LONGANO. No.

Mr. HALLEY. And then I pointed out to you that your FBI fingerprint record apparently shows such a conviction, however, under a name of Albert Latelli. I then asked you if you ever used the name Albert Latelli.

Mr. SELSER. May I ask you whether or not the record indicates that the record is supported by fingerprint records?

Mr. HALLEY. Yes.

Mr. SELSER. Usually returns indicate, and back in the thirties they were not properly supported by records.

Mr. HALLEY. There have been mistakes in the records. There is no question about that. We have not had a chance to check.

Mr. SELSER. The man says he never has been convicted in New York.

Mr. HALLEY. If he says so, on due consideration I believe the committee will accept his statement. It is easy enough to check. I want to get the facts.

Senator HUNT. Now the answer to the direct question: Were you ever known by the name of Albert Latelli? Did you ever use that name?

Mr. LONGANO. Where was this name supposed to be used?

Senator HUNT. Did you ever use it any place at any time? That is the question.

Mr. LONGANO. Well, I don't remember. I can't. Just my honest answer is I don't remember.

Senator TOBEY. Have you ever used any aliases?

Mr. LONGANO. I might have.

Senator TOBEY. What were they that you used?

Mr. LONGANO. I used the name of Devito.

Senator TOBEY. As a last name?

Mr. LONGANO. Or Laurie.

Senator TOBEY. Is that the first name or second?

Mr. LONGANO. Al.

Senator TOBEY. Allen?

Mr. LONGANO. Al Devito.

Senator TOBEY. And what is Laurie's first name?

Mr. LONGANO. Al Laurie. They are the only names I ever remember.

Senator TOBEY. Any other aliases?

Mr. LONGANO. That is all.

Mr. HALLEY. Haven't you ever been known to the New York police as Albert Latelli?

Mr. LONGANO. I don't think I have ever been in trouble in New York or any other places.

Mr. HALLEY. Well, you were arrested in Miami, Fla., this year, were you not?

Mr. LONGANO. Yes, I was.

Mr. HALLEY. January 19, 1950?

Mr. LONGANO. That is right.

Mr. HALLEY. What was that for?

Mr. LONGANO. Questioning on the Brink's robbery.

Mr. HALLEY. Connected with the Boston robbery?

Mr. LONGANO. Yes.

Mr. HALLEY. And were you discharged?

Mr. LONGANO. That is right. The FBI was satisfied.

Mr. HALLEY. What were you doing in Miami in January?

Mr. LONGANO. I went for a vacation.

Mr. HALLEY. Where did you stay?

Mr. LONGANO. I am trying to think of the hotel now. I just can't think of the name of the hotel, but it isn't that I don't want to tell the name of the hotel.

Mr. HALLEY. Was it on the beach?

Mr. LONGANO. Yes.

Mr. HALLEY. How long were you there?

Mr. LONGANO. In Hollywood?

Mr. HALLEY. How long were you there?

Mr. LONGANO. Well, I didn't stay long because after all the publicity I had and everything, I was disgusted and come back.

Mr. HALLEY. How long were you there?

Mr. LONGANO. Maybe a week, not even a week I don't think.

Mr. HALLEY. Was your name in the papers when you were arrested?

Mr. LONGANO. That is right.

Mr. HALLEY. Did you go down alone or was your family with you?

Mr. LONGANO. I just went down alone.

Mr. HALLEY. Was the General Trading Co. closed up when you were down there?

Mr. LONGANO. I refuse to answer. It might tend to incriminate me.

Senator HUNT. The vice chairman directs the witness to answer "Yes" or "No."

Mr. LONGANO. I refuse to answer. It might tend to incriminate me.

Mr. HALLEY. The record shows that the General Trading Co. at Hasbrouck Heights closed its business on January 19, 1950. Was there any connection between your being arrested in Miami and the closing up of the General Trading Co.?

Mr. SELSER. May I object to the form of this question? How could he possibly know what was in the minds of those who made the arrest? This question calls for him to attempt to determine why he was arrested?

Mr. HALLEY. I think he can answer it. Why don't you let him try?

Mr. LONGANO. I refuse to answer. It might tend to incriminate me.

Senator HUNT. The acting chairman directs the witness to answer the question.

Mr. LONGANO. I refuse to answer on the advice of counsel.

Mr. HALLEY. Now, Mr. Longano, have you ever been in a legitimate business?

Mr. LONGANO. No, sir.

Mr. HALLEY. You have not?

Mr. LONGANO. No, sir.

Mr. HALLEY. What was the Cole Engineering Co., Lodi, N. J.?

Mr. LONGANO. I refuse to answer on the ground it might incriminate me.

Senator HUNT. The acting chairman directs the witness to answer the question.

Mr. LONGANO. I refuse to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Were you ever in Charlie's Grill at Little Ferry, N. J.?

Mr. LONGANO. I was.

Mr. HALLEY. And what was the business of Charlie's Grill at Little Ferry, N. J.?

Mr. LONGANO. It was a restaurant.

Mr. HALLEY. Were you ever connected with it in any way?

Mr. LONGANO. I worked there.

Mr. HALLEY. In what capacity?

Mr. LONGANO. As assistant to Charles Koslow.

Mr. HALLEY. Was there any gambling at Charlie's Grill?

Mr. LONGANO. No.

Mr. HALLEY. Was there gambling in any building close to Charlie's Grill or connected with it in any way?

Mr. LONGANO. No.

Mr. HALLEY. At no time?

Mr. LONGANO. At no time.

Mr. HALLEY. Well, that was a legitimate job you had then, was it not?

Mr. LONGANO. That is right.

Mr. HALLEY. You should not be shy about that. Did you ever have any other legitimate job?

Mr. SELSER. He said—

Mr. HALLEY. He testified he never had a legitimate job.

Mr. SELSER. Not a business. These folks seem to think it is not a business unless they are bosses, not employees.

Mr. HALLEY. I will clarify that now. Thank you.

Have you ever had a legitimate job?

Mr. LONGANO. Off and on.

Mr. HALLEY. What were they?

Mr. LONGANO. I have been a salesman for a vegetable firm.

Mr. HALLEY. How long ago was that?

Mr. LONGANO. That was just recently. I had it for awhile. It looked like a good thing. It looked like a good job and it didn't materialize.

Mr. HALLEY. You got no income out of it?

Mr. LONGANO. What?

Mr. HALLEY. You got no income out of it?

Mr. LONGANO. No, sir.

Mr. HALLEY. Looking at your own tax record from the year 1944 to date, I find the following sources of income listed. Would you state which, if any, are legitimate sources? Cole Engineering, Inc.?

Mr. LONGANO. I refuse to answer on the ground it may incriminate me.

Senator HUNT. The acting chairman directs the witness to answer the question.

Mr. LONGANO. I refuse to answer on the advice of counsel.

Mr. HALLEY. The second is called just "commission." Could you tell the committee what you mean by commission?

Mr. LONGANO. I refuse to answer on the advice of counsel.

Senator HUNT. The acting chairman directs the witness to answer the question.

Mr. LONGANO. I refuse to answer on the advice of counsel.

Mr. HALLEY. It is noted that in 1949 you reported a commission of \$7,750. Could you state what the source of that \$7,750 was?

Mr. LONGANO. Repeat that, please.

Mr. HALLEY. You reported commission in 1949 of \$7,750. Where did that money come from?

Mr. LONGANO. I refuse to answer on the advice of counsel.

Senator HUNT. The acting chairman directs the witness to answer the question.

Mr. LONGANO. I refuse to answer on the advice of counsel.

Mr. HALLEY. You do show income from Charlie's Grill. That was a legitimate job; is that right?

Mr. LONGANO. That is right.

Mr. HALLEY. And that was in the amount of \$3,136 in 1945; \$3,066 in 1946; \$3,125 in 1947, and \$2,496 in 1948. Is that right?

Mr. LONGANO. I refuse to answer on advice of counsel.

Senator TOBEY. What is the job he had at Charlie's?

Mr. HALLEY. He said he was assistant manager.

Senator TOBEY. A legitimate eating place, is it?

Mr. SELSER. Senator, his income-tax report is the subject of investigation, and I advise him not to testify to any matters shown on his income-tax reports at this time while this investigation is pending.

Senator TOBEY. Is that an excuse or a reason?

Mr. SELSER. That is a reason, sir, and in my judgment it is the effective reason, as it shall hereafter be determined.

Senator HUNT. The acting chairman directs the witness to answer the question.

Mr. LONGANO. I refuse to answer on the advice of counsel.

Mr. HALLEY. Mr. Longano, the next item of income is N. & T. Trading Co. Will you state what that was?

Mr. LONGANO. I refuse to answer on advice of counsel.

Senator TOBEY. Cannot you just tell us what it was?

Mr. LONGANO. I refuse to answer it. It might incriminate me.

Senator TOBEY. You mean it might incriminate you to tell us what the business was?

Mr. LONGANO. I refuse to answer on the advice of counsel.

Senator TOBEY. I do wish we had something to make you answer. I think it is an outrage to a committee of the Senate of the United States to have these witnesses come up here and play dumb and curl up and die before us and say, "We won't answer."

Who is running this country? If there is the power in this country I think there is, we will get the answers out of you somehow, in some way, and maybe with interest.

You come before us with a record of the hold-up game, getting money from criminal procedures, and being sentenced for carrying a gun, and when we try to uncover these things by asking civil questions, what do we get? What do we get? A dumb answer, refuse to answer, and won't tell us how you got \$30,000, what the business was at all.

I cannot understand the counsel's reasoning that just telling those would affect his test case before the Federal Government, and I do not believe it would. That is his opinion and he has a right to it.

Here is a committee trying to do a conscientious job, and someone is putting rocks on the track, and I am sick of it.

Mr. SELSER. I have already said that if this Senate will adopt a procedure which will permit the disclosure of the information for

Senate use—my quarrel is not with the giving of the information but giving it under the program which is here set up, making it evidential to all persons who may seek to use it. Now if the Senate wants to set up a program which will give us the right to disclose this information to the Senate for its use, then please, sir, understand I shall cooperate with the Senate and not advise my client as I am advising him here in this proceeding under these conditions.

Senator HUNT. The Chair would say to the counsel that is not the way we do business, under the table, in the United States Senate.

Mr. SELSER. I am not asking—

Senator HUNT. What we do is open and above board for public information.

Mr. SELSER. I am not asking for anything under the table. I am asking for no favors, but I am refusing in public to discuss matters which in my judgment can be used against this witness. It amounts to compelling him to testify against himself.

Senator HUNT. The advice you are giving to your clients is preventing the Government of the United States from getting information that it is rightfully entitled to.

Mr. SELSER. And I am perfectly willing to see to it that the Government gets its information if it will be done in such manner that this man will not be subjected to these prosecutions.

Now I am not trying to defy the dignity of the Senate at all. I am as loyal a citizen as anybody who lives in this country today. So far as I am concerned, sir, I stand by my record of loyalty to the country.

Senator HUNT. The acting chairman of this committee would like to say that it is interference of counsel like yourself that is preventing the Government from getting a lot of this information, and it is also activity on the part of counsel that is responsible for the continuation of a lot of this gambling and crookedness throughout the United States.

Mr. SELSER. I am very sorry the Senator feels that way, but, of course, I suppose it would serve no purpose for us to exchange views. I am trying to do a job for which I am employed in the representation of my client, and I am doing it as best I can, sir.

My loyalty to my country I am willing to debate with anybody, any time, any place under the proper circumstances.

Senator HUNT. It is a question of ethics as I see the situation.

Senator TOBEY. Here is the State of New Jersey, a strong State and a fine State, which seems to be a hot bed of illegality going on in connection with these operations. Here is testimony that has gone into the record today that \$5,000,000 in 5 months was played within these joints.

We have had hearings in New York that covered New Jersey before. I cannot help wondering why the authorities in New Jersey do not watch these things a little more carefully, and where the men with criminal records are operating these places and getting an income of \$32,000, why they never at least raise their eyebrows to see the reason why. So the great mad game to get money, the great mad game to get rich goes on, and the law comes in disrepute and democracy is threatened, as I see it. And the young people growing up who see these things happening say, "What is the use of being straight?"

It is a pretty serious thing in all these things, and any State in this Union, and any city in this Nation that has got men in charge of the authorities that are right themselves and want to stop these things, they can stop them pronto. You know it and I know it.

We found it in California, a disreputable situation out there. Things went on in Los Angeles under a pro forma sheriff's office. We found it in connection with politics in California, where a man named Samish rules like a law divine and has more power than the Governor has in some things, and dictates what bills can go through.

And in New Jersey gambling hordes are carrying on, ex-convicts making such money at 34 or 40 or 50 thousand dollars a year de novo and won't tell us where it came from, what the business is.

I again say that any sovereign State in this Nation can stop it tomorrow morning if they want to decide to do it, unless there is some collusion, some protection being paid along the line. That is what we ought to be uncovering in this country. We ought to be indicting some public officials, saying, "Why didn't you do it?" Let the American people once get mad enough and these things will happen, heads will drop, I tell you, and it's about time we did in this country. That is speaking from experience across the country.

MR. SELSER. May I say to the Senator that it is my belief that persons more brilliant than I ever hope to be brought into being the fifth amendment to the Constitution.

SENATOR TOBEY. I am not arguing about the fifth amendment to the Constitution at all. There it stands. I am not speaking about that. I am speaking about the prevalence of gambling and crime across this country where officials who have no backbone any more than a chocolate éclair do not enforce a law and do not try to knock heads together and clean house. And I say we found it in California, we found it in New Jersey, we found it in Chicago. We are going to find it some other places before we get through.

MR. SELSER. I am glad to hear that, sir; and I feel that——

SENATOR TOBEY. I don't want to forget Florida. I wouldn't slight Florida for the world. We will be there next week.

MR. SELSER. I think the Senator has given me a sufficient public spanking and I am smarting under——

SENATOR TOBEY. I am not spanking you at all. All I am spanking is the apathy and indifference of the public and the inefficiency and lack of desire to enforce the laws of public officials. It has nothing to do with you, sir.

MR. SELSER. I am sorry I made the remark.

SENATOR TOBEY. Don't you agree with me?

MR. SELSER. Yes; I agree with you. As a matter of fact, I was as strong a crusader against these things in public office myself for a period of time, sufficiently long, and have advocated exactly the things you speak about.

SENATOR TOBEY. I shake hands with you across the table.

MR. SELSER. But today, sir, I stand in the capacity——

SENATOR TOBEY. I know what your capacity is. I am not trying to discriminate against you at all. I was making observations about the specific ills in this country of ours.

MR. SELSER. Let the Senate then set up a program——

SENATOR TOBEY. We are in it right now.

Mr. SELSER. By which I can give you the information you seek without violating a duty I owe to my clients, and you will have my cooperation. I resent very much the manner in which this thing is being done.

Senator TOBEY. What thing?

Mr. SELSER. This investigation here the last 2 days, which exposes before the public matters which the prosecutors themselves could not do.

This is the way I feel about it, sir, and I feel very keenly, not because I am getting a fair fee, but because I consider I am a member of an honored profession, duty bound to perform duties under the ethics of that profession, and I am doing it.

Senator TOBEY. Now let me state to you in all kindness that you are making this storm yourself. I was not referring to you in any way, in any shape or in any manner. All I said was indicting the supineness of public officials in enforcing laws across the country, and also on the part of the public of not getting mad about these things. And I made the statement, and I repeat it, and you join with me I think—

Mr. SELSER. Yes; I do.

Senator TOBEY. That any State or any Government or subdivision of Government that wants to clean up these ills in the body politic can do it in 24 hours provided there is a desire to do it. There is law enough in this country to do it.

Mr. SELSER. I wish the noble State of New Jersey would put me in a position from which I might exercise some of the powers that the proper officials have.

Senator HUNT. Counsel, you had power, did you not, when one of your clients was evading our subpoena?

Mr. SELSER. Beg your pardon?

Senator HUNT. I say you had some of that power when the previous witness, your client, was evading the subpoena?

Mr. SELSER. That client never evaded the subpoena, Senator.

Senator HUNT. We will not discuss it any further. That is your opinion he didn't.

Mr. SELSER. I know he didn't.

Senator HUNT. This is my opinion, and I know he did.

Mr. SELSER. May I finish my answer to the Senator who opened up an issue which to me is quite touchy?

Senator HUNT. We are all consuming too much time here in exploiting theories. We will proceed with the examination of the witness.

Go ahead, Mr. Halley.

Mr. HALLEY. Mr. Longano, is it not a fact that in the year 1948 you received income in the amount of \$30,821.50 from the N. & T. Trading Co.?

Mr. LONGANO. I refuse to answer on the advice of counsel.

Senator HUNT. The witness is directed to answer the question.

Mr. LONGANO. I refuse to answer on the advice of counsel.

Mr. HALLEY. Mr. Longano, your income tax returns also show income from the Pal Trading Co. What is the Pal Trading Co. Is that a legitimate business?

Mr. LONGANO. I refuse to answer on the advice of counsel.

Senator HUNT. The witness is directed to answer the question.

Mr. LONGANO. I refuse to answer on advice of counsel.

Mr. HALLEY. How long have you known Longy Zwillman?

Mr. LONGANO. I know him.

Mr. HALLEY. How long?

Mr. LONGANO. I just know him to say hello to; that is all.

Mr. HALLEY. Have you ever worked for him?

Mr. LONGANO. Never.

Mr. HALLEY. Have you ever been associated with him in any business?

Mr. LONGANO. Never.

Mr. HALLEY. How long have you known Willie Moretti?

Mr. LONGANO. Oh, I know Willie 20 years or more.

Mr. HALLEY. Have you ever worked for him?

Mr. LONGANO. Never.

Mr. HALLEY. You have not been associated with him?

Mr. LONGANO. No.

Mr. HALLEY. He testified, I believe, he took a trip West with you.

Mr. LONGANO. That is right.

Mr. HALLEY. When was that?

Mr. LONGANO. When he went to California when he was sick. I just don't know the exact date.

Mr. HALLEY. A few years ago?

Mr. LONGANO. Yes.

Mr. HALLEY. Who went on that trip?

Mr. LONGANO. Who was on that trip?

Mr. HALLEY. Yes.

Mr. LONGANO. Myself and him.

Mr. HALLEY. Did you go by automobile or by some other means?

Mr. LONGANO. We went by train.

Mr. HALLEY. Went by train?

Mr. LONGANO. Yes.

Mr. HALLEY. Did you pay your own expenses, or did he pay yours?

Mr. LONGANO. Well, I guess we both.

Mr. HALLEY. What do you mean? Did he pay some of your expenses?

Mr. LONGANO. That is right.

Mr. HALLEY. Did you pay any of his expenses?

Mr. LONGANO. No; I don't think so.

Mr. HALLEY. Where did you stop on your way to California, at what places?

Mr. LONGANO. I think at a home—I know a home the Two Black Crows had up there, the Two Black Crows rented it out. I think they call it that on the radio or something.

Senator TOBEX. Moran and something?

Mr. HALLEY. Moran and Mack.

Senator TOBEX. They were good, too.

Mr. LONGANO. It was their estate. It was in Newhawk, Calif.

Mr. HALLEY. Newhawk, Calif.?

Mr. LONGANO. That is right.

Mr. HALLEY. Did you make any stops before you got to California?

Mr. LONGANO. No.

Mr. HALLEY. You didn't stop anywhere?

Mr. LONGANO. No.

Mr. HALLEY. Did you make any stops on the way back?

Mr. LONGANO. No.

Mr. HALLEY. You just went straight out and came straight back?

Mr. LONGANO. I come back myself.

Mr. HALLEY. Did Willie stay there?

Mr. LONGANO. That is right.

Mr. HALLEY. How long did you stay before you came back?

Mr. LONGANO. About a month, I guess it was.

Mr. HALLEY. Did you just vacation in California?

Mr. LONGANO. I rubbed him. You know his legs needed rubbing, and I used to rub for him.

Mr. HALLEY. You acted as sort of a trainer?

Mr. LONGANO. Sort of a masseur.

Mr. HALLEY. You were not the bodyguard, were you?

Mr. LONGANO. No, sir.

Mr. HALLEY. Did you make any stops yourself on the way back?

Mr. LONGANO. No, sir.

Mr. HALLEY. Whom did you meet while you were out in California? Did you meet Jack Dragna?

Mr. LONGANO. I don't think so.

Mr. HALLEY. You did not?

Mr. LONGANO. No.

Mr. HALLEY. Did you meet John Fischetti?

Mr. LONGANO. No, sir.

Mr. HALLEY. Have you ever met either of those two?

Mr. LONGANO. I might have seen Jack Dragna, not for sure. I don't remember names or faces.

Mr. HALLEY. You don't recall actually meeting him; is that right?

Mr. LONGANO. No.

Mr. HALLEY. Do you know Mo Mo Adamo?

Mr. LONGANO. No, sir; don't know him.

Mr. HALLEY. Did you meet Joe Sica?

Mr. LONGANO. No, sir.

Mr. HALLEY. Do you know Joe Sica?

Mr. LONGANO. I don't think so.

Mr. HALLEY. Do you know Vincent Mangano?

Mr. LONGANO. No, sir.

Mr. HALLEY. Of New York?

Mr. LONGANO. No, sir.

Mr. HALLEY. Do you know Joseph Profaci?

Mr. LONGANO. No, sir.

Mr. HALLEY. Do you know Vito Genovese?

Mr. LONGANO. I think I met him once. I am not sure.

Mr. HALLEY. Where did you meet him?

Mr. LONGANO. I think at a wedding.

Mr. HALLEY. At Willie Moretti's daughter's wedding?

Mr. LONGANO. I think so.

Mr. HALLEY. Do you know Albert Anastasia?

Mr. LONGANO. Yes; I know Albert.

Mr. HALLEY. You do?

Mr. LONGANO. Yes.

Mr. HALLEY. How long have you know him?

Mr. LONGANO. Not long.

Mr. HALLEY. Do you know Little Augie Pisano?

Mr. LONGANO. Not to talk to.

Mr. HALLEY. Have you met him?

Mr. LONGANO. What?

Mr. HALLEY. You have met him?

Mr. LONGANO. I have met him.

Mr. HALLEY. Do you know Salvatore Moretti?

Mr. LONGANO. I do.

Mr. HALLEY. Do you know Jerry Catena?

Mr. LONGANO. I do.

Mr. HALLEY. Do you know Ralph Conte?

Mr. LONGANO. No.

Mr. HALLEY. Do you know Joe Adonis?

Mr. LONGANO. I know Joe.

Mr. HALLEY. You know Joe?

Mr. LONGANO. Yes.

Mr. HALLEY. How long have you known Joe?

Mr. LONGANO. Maybe, I should say, about 8 years, 8 or 9 years.

Mr. HALLEY. Do you know Joe Massei?

Mr. LONGANO. No.

Mr. HALLEY. Do you know Rocco Faschetti?

Mr. LONGANO. No.

Mr. HALLEY. Do you know Frank Milano?

Mr. LONGANO. No.

Mr. HALLEY. Frank Costello?

Mr. LONGANO. Yes.

Mr. HALLEY. How long have you known Frank Costello?

Mr. LONGANO. I think I was introduced to him at the wedding.

Mr. HALLEY. Do you know Charley Binaggio?

Mr. LONGANO. No.

Mr. HALLEY. Did you ever meet him?

Mr. LONGANO. No.

Mr. HALLEY. Do you own an automobile?

Mr. LONGANO. Yes.

Mr. HALLEY. What kind?

Mr. LONGANO. Cadillac.

Mr. HALLEY. What model and what year?

Mr. LONGANO. Forty-eight.

Mr. HALLEY. Forty-eight?

Mr. LONGANO. Yes.

Mr. HALLEY. What model?

Mr. LONGANO. Sedan.

Mr. HALLEY. Does your wife own an automobile?

Mr. LONGANO. She uses that.

Mr. HALLEY. She uses that?

Mr. LONGANO. Yes.

Mr. HALLEY. Do you have any other automobile?

Mr. LONGANO. No, sir.

Mr. HALLEY. Have you ever used any other Cadillacs that do not belong to you?

Mr. LONGANO. Yes.

Mr. HALLEY. Whose cars do you use?

Mr. LONGANO. I have a friend in the City Motors that have cars there I borrow once in a while.

Mr. HALLEY. Gus Piscale?

Mr. LONGANO. Yes.

Mr. HALLEY. Does he sometimes lend you a green Cadillac convertible?

Mr. LONGANO. That is right.

Mr. HALLEY. Any other Cadillac?

Mr. LONGANO. Yes; they have a Cadillac on the lot there I use a lot.

Mr. HALLEY. What kind is that?

Mr. LONGANO. Cadillac Fleetwood.

Mr. HALLEY. Fleetwood?

Mr. LONGANO. Yes.

Mr. HALLEY. Those two are both 1950's, are they not?

Mr. LONGANO. No, I don't think so. Yes; I think one is a '50, and the other is a '46 or something.

Mr. HALLEY. Forty-six?

Mr. LONGANO. Yes; '46 I guess it is.

Mr. HALLEY. Did you ever use James Cospido's Cadillac?

Mr. LONGANO. Yes, sir.

Mr. HALLEY. I have been wondering why, if you care to say, you have need to borrow those automobiles when you own one of your own?

Mr. LONGANO. Well, my wife is very sickly and I don't want to leave her without a car, and I leave the car with her most of the time.

Mr. HALLEY. I do not think I have any other questions.

Senator HUNT. Senator Tobey?

Senator TOBEY. No questions.

Senator HUNT. The witness is excused.

Mr. SELSER. May I address myself to Mr. Halley?

Senator TOBEY. Just a minute. May I say for the record that in my denunciation of different communities into which we have gone and visited and which have showed up rather unfavorably, with criminal interests surrounding them, and lack of proper enforcement of law, I would not want to forget anyone. I mention the situation in St. Louis and Kansas City, which I visited.

Mr. SELSER. If I may with the Senator's permission address Mr. Halley, I should like to purchase from the stenographer a complete record of the proceedings which have been had yesterday and today.

Mr. HALLEY. They are open hearings and the record is available to anybody that wants to buy them.

Mr. SELSER. I had assumed that was so, and may I here and now leave my order with the stenographer for a copy of the record.

Mr. HALLEY. There is no restriction whatsoever on the purchase of the record of open hearings.

Mr. SELSER. I do not intend to return and I thought I might impose on the good nature of Mr. Halley.

Mr. HALLEY. Just make your arrangements with the stenographer.

Senator HUNT. I might say to the witness he understands he is still under subpoena.

Mr. SELSER. They all do, and that applies equally to Lynch. He understands his subpoena continues.

Senator HUNT. The next witness will be heard in executive session, so we will need to promptly clear the room, please.

(Whereupon, the committee proceeded into executive session, at 4 p. m.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, FEBRUARY 13, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York City, N. Y.

EXECUTIVE SESSION—CONFIDENTIAL

The committee met, pursuant to call of the chairman, at 10 a. m. in room 2832, United States Courthouse Building, Foley Square, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver and Tobey.

Also present: Rudolph Halley, chief counsel.

James Walsh, special counsel; Arnold L. Fein, special counsel; and David Shvitz, assistant counsel.

Patrick Murray, investigator; Lawrence Goddard, investigator; and Howard Brand, investigator, of the special committee staff.

The CHAIRMAN. The committee will come to order.

Let the record show that Senator Tobey and Senator Kefauver are present, and that this meeting is being held subject to a resolution adopted by the full committee authorizing a subcommittee of one or more to hold hearings in New York City.

Senator Tobey is sitting with the chairman today as a member of the subcommittee.

This resolution will be made a part of the record.

I am glad to be here with our distinguished chief counsel, and with our associate and assistant counsel. They have been working very hard up here. Senator Tobey, in order to get things lined up.

Senator TOBEY. I am sure they have.

The CHAIRMAN. Who will be our first witness, Mr. Halley?

Mr. HALLEY. Frank Costello.

The CHAIRMAN. All right. Let us have Frank Costello here.

(The testimony of Frank Costello, at this executive session, has been eliminated because it is virtually completely duplicated in the testimony given in the public hearings included in this publication, which were held in New York City on March 13, 14, 15, 16, 19, 20, and 21, 1951.

(The testimony of Mr. Costello in this executive session is on file with the committee and is available for examination by any interested parties.)

The CHAIRMAN. Who is your next witness, Mr. Halley?

Mr. HALLEY. Mr. Charles LaForge.

The CHAIRMAN. Will you have Mr. LaForge brought in, please?

Are you Mr. LaForge, sir?

Mr. LaFORGE. That is right.

The CHAIRMAN. Sit right over here. First, will you raise your right hand and be sworn, please?

Do you solemnly swear that the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. LaFORGE. I do.

**TESTIMONY OF CHARLES LaFORGE, INSPECTOR, NEW YORK STATE
POLICE, TROY, N. Y.**

The CHAIRMAN. All right, Mr. Halley, let us proceed.

Mr. HALLEY. What is your full name?

Mr. LaFORGE. Charles LaForge.

Mr. HALLEY. What is your position?

Mr. LaFORGE. Inspector of New York State police.

Mr. HALLEY. Where are you stationed, sir?

Mr. LaFORGE. Troy, N. Y.

Mr. HALLEY. Do you have jurisdiction over Saratoga?

Mr. LaFORGE. No, sir.

Mr. HALLEY. Have you ever had?

Mr. LaFORGE. Jurisdiction?

Mr. HALLEY. Well, have you ever had—is Saratoga, let us say, in your territory?

Mr. LaFORGE. Saratoga County?

Mr. HALLEY. Yes.

Mr. LaFORGE. Yes, sir.

Mr. HALLEY. Is the city of Saratoga within your territory?

Mr. LaFORGE. No, sir.

Mr. HALLEY. What is the relation with regard to cities as applies to the State police?

Mr. LaFORGE. Well, according to the executive law of the State of New York, we do not take action in a city, unless we are called in by the mayor, or district attorney, or are ordered to do so by the Governor of the State of New York.

Mr. HALLEY. Saratoga is a city?

Mr. LaFORGE. May I add to that?

Mr. HALLEY. Go right ahead.

Mr. LaFORGE. In other words, we may serve a warrant any place without such authority.

Mr. HALLEY. But you make an investigation and arrests within the city, or if you do, you must wait until you are called in by the local authorities, or ordered in by the governor of the State; is that right?

Mr. LaFORGE. That is our policy.

Senator TOBEY. Is it the policy or the law?

Mr. LaFORGE. It is according to executive law of the State of New York.

Senator TOBEY. It is the law?

Mr. LaFORGE. Yes.

Mr. HALLEY. Were you ever ordered to make a survey of gambling conditions in Saratoga City?

Mr. LaFORGE. I made a physical survey of Saratoga; yes, sir.

Mr. HALLEY. When did you make it?

Mr. LaFORGE. 1947.

Mr. HALLEY. During what period?

Mr. LaFORGE. The month of August.

Mr. HALLEY. Pursuant to what instruction or order did you make that survey?

Mr. LaFORGE. By instructions from my chief inspector, Francis McGarvey.

Mr. HALLEY. What were those instructions, do you know?

Mr. LaFORGE. To make a physical survey to find out if gambling was in progress in the city of Saratoga.

Mr. HALLEY. Did you make such a survey?

Mr. LaFORGE. I did.

Mr. HALLEY. I show you a document which I will have marked as exhibit No. 19 for identification.

(The document referred to was marked exhibit No. 19, and appears in the appendix on p. 1727.)

Mr. HALLEY. I will show you this document which has been marked as "Exhibit No. 19." Will you state whether that is a copy of the survey made by you.

Mr. LaFORGE. Yes, sir.

The CHAIRMAN. The document marked "Exhibit No. 19" will be made a part of the record and part of the testimony of this witness.

Mr. HALLEY. Thank you. Would you explain to the committee the conditions you found at Saratoga when you made your survey.

Mr. LaFORGE. I observed that gambling was in progress in all of these places mentioned there [indicating].

Mr. HALLEY. The places mentioned in your report consisted of restaurants with casinos, for the most part, is that right?

Mr. LaFORGE. Night clubs with casinos, that is correct.

Mr. HALLEY. And you found extensive gambling in all of them?

Mr. LaFORGE. Yes, sir.

Mr. HALLEY. And it was wide open?

Mr. LaFORGE. Yes.

Mr. HALLEY. There was no attempt at concealment, is that right?

Mr. LaFORGE. That is right.

Mr. HALLEY. What further investigation did you make of conditions in Saratoga?

Mr. LaFORGE. What further investigations?

Mr. HALLEY. Yes.

Mr. LaFORGE. That is about all, just the gambling.

Mr. HALLEY. Well, did you talk to any of the local police about the gambling?

Mr. LaFORGE. No, sir.

Mr. HALLEY. Or to anybody else about it?

Mr. LaFORGE. To my superiors.

Mr. HALLEY. Well, did you attempt to ascertain why the gambling had not been closed down at Saratoga by the local authorities?

Mr. LaFORGE. No, sir.

Mr. HALLEY. Do you know a man named Rox?

Mr. LaFORGE. Yes, sir.

Mr. HALLEY. Who is he?

Mr. LaFORGE. Chief of police.

Mr. HALLEY. Of Saratoga?

Mr. LaFORGE. Yes, sir.

Mr. HALLEY. His full name is Patrick Rox? It is spelled R-o-x; is that right?

Mr. LaFORGE. That is right.

Mr. HALLEY. Have you ever talked to him?

Mr. LaFORGE. Oh, yes; many times.

Mr. HALLEY. Have you ever discussed with him the gambling situation in Saratoga?

Mr. LaFORGE. No, sir.

Mr. HALLEY. I have the impression, and not intending to be technical at all, that you had called one of the investigators for our committee, or that you told one of the investigators for our committee that Rox told you that the gambling situation was one that he did not want to talk to you about.

Mr. LaFORGE. Do you mind repeating your question?

Mr. HALLEY. Certainly. I had the impression that you told one of our investigators that Rox took the position that gambling was just something he did not want to talk about at all to you.

Mr. LaFORGE. Why, not to me personally, but if we wanted to execute a warrant or secure any criminal in Saratoga, we asked Patrick Rox if he knew where the man might be, and if he would help us, and so forth, and he was wholly cooperative. But so far as gambling is concerned, I will say no, we never approached the subject.

Mr. HALLEY. You never approached him on that subject?

Mr. LaFORGE. No, sir.

Mr. HALLEY. I don't understand what you mean when you say you did not approach the subject. You mean you did not talk about it?

Mr. LaFORGE. We did not discuss gambling.

Mr. HALLEY. Why did you not discuss it with Rox?

Mr. LaFORGE. Well, I guess I did not feel as if we should. Maybe we could not trust him.

Mr. HALLEY. Well, would you elaborate on that for the committee? We are trying to get as much information now about the situation up there as we can. What was the local police situation with respect to gambling up there?

Mr. LaFORGE. Well, I don't know, I cannot tell you too much about that.

Mr. HALLEY. Well, we see that when you were ordered in there, you went in and made a thorough survey and described the thing quite accurately. Did you feel that the local police were doing their duty?

Mr. LaFORGE. No, sir.

Mr. HALLEY. Can you elaborate on why you felt they were not doing their duty? Did you have any information at all?

Mr. LaFORGE. Well, in my own opinion I thought maybe they may have been politically controlled, but I had no way of knowing that.

Mr. HALLEY. Well, what was the basis for your opinion? The committee will regard it strictly as an opinion. Where would the political control have come from?

Mr. LaFORGE. Well, I assume from the police commissioner.

Mr. HALLEY. At Saratoga?

Mr. LAFORGE. Yes, sir.

Mr. HALLEY. What is his name?

Mr. LAFORGE. Dr. Leonard.

Mr. HALLEY. Did he have any political position?

Mr. LAFORGE. I believe—I am not certain—but I believe that he may be the Democratic leader there, I am not certain.

Mr. HALLEY. Who is the mayor of Saratoga?

Mr. LAFORGE. I do not know.

Mr. HALLEY. What is the position of Mr. Leary?

Mr. LAFORGE. I only know him as an attorney, and he may be the Democratic leader, I don't know.

Mr. HALLEY. Does the sheriff of the county have any jurisdiction over Saratoga?

Mr. LAFORGE. Yes; he does.

Mr. HALLEY. Do you think he would be able to step in there and do something about the gambling?

Mr. LAFORGE. Yes, sir; I believe he would.

Mr. HALLEY. Have you any idea of why the sheriff did nothing about it?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Did you ever talk to the chief of police about it, about the political set-up?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Did you talk to Dr. Leonard?

Mr. LAFORGE. I only talked to Dr. Leonard about twice in my life.

Mr. HALLEY. Do you know James Leary?

Mr. LAFORGE. I talked to him about two or three times in my life.

Mr. HALLEY. What did you do with your report when you completed it?

Mr. LAFORGE. My report was submitted through channels, and it eventually reached the desk of the chief inspector, McGarvey.

Mr. HALLEY. Who had requested the report?

Mr. LAFORGE. Well, my reports were just sent through channels.

Mr. HALLEY. Well, we understood that your report was requested by the governor's office.

Mr. LAFORGE. Not to my knowledge.

Mr. HALLEY. Was it sent through channels to the governor's office?

Mr. LAFORGE. That I would not know.

Mr. HALLEY. Who specifically asked you to make the report? How did the request come to you?

Mr. LAFORGE. Chief Inspector McGarvey.

Mr. HALLEY. Did he say for whom it was or in what connection?

Mr. LAFORGE. It was probably made for ourselves, for information.

Mr. HALLEY. And when you completed it, you sent it to McGarvey; is that right?

Mr. LAFORGE. That is right.

Mr. HALLEY. Did you tell him what you were going to do with it, or did he tell you what he was going to do with it, rather?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Do you have authority without instructions from the governor's office to make informational studies of a place like Saratoga?

Mr. LAFORGE. We have the authority if we get the instructions from our superiors; yes, sir.

MR. HALLEY. Well, do the State police have authority to go into a city and make a survey of the type you made?

MR. LAFORGE. If we want to find out what is going on around there.

MR. HALLEY. You can do that?

MR. LAFORGE. For our own information.

MR. HALLEY. You can do that, whether or not you act on it?

MR. LAFORGE. Yes, sir.

MR. HALLEY. Did you make any recommendations to your superior for action?

MR. LAFORGE. No, sir.

MR. HALLEY. Were you asked for any recommendation?

MR. LAFORGE. No, sir.

MR. HALLEY. Were you ever instructed to go into Saratoga and take action?

MR. LAFORGE. Yes, sir.

MR. HALLEY. When were you instructed to do that?

MR. LAFORGE. Last year.

MR. HALLEY. When was that?

MR. LAFORGE. In the year 1950.

MR. HALLEY. In the year 1950?

MR. LAFORGE. Yes.

MR. HALLEY. On what date?

MR. LAFORGE. Well, I could not tell you the exact date, but it was before Saratoga season opened.

MR. HALLEY. Are you familiar—roughly it would be just at the time of the opening?

MR. LAFORGE. Yes; around the end of July.

MR. HALLEY. At that time what action was taken and where did the orders come from?

MR. LAFORGE. My instructions came from Chief Inspector McGarvey, F. S. McGarvey, and we assigned various men to make a survey, and if anything was in progress we should take immediate action.

MR. HALLEY. What did you do when you got there? Did you take any action?

MR. LAFORGE. There was no action to take.

MR. HALLEY. They just did not open up the place?

MR. LAFORGE. No, sir.

MR. HALLEY. At the time you got there were there any indications that they had been planning to open?

MR. LAFORGE. Well, there were rumors to that effect.

MR. HALLEY. Were they the ordinary and usual gambling establishments that were up there? By the way, what was the usual time that gambling started?

MR. LAFORGE. I believe in the beginning of the season.

MR. HALLEY. The usual gambling group was there?

MR. LAFORGE. I believe at the beginning of the season.

MR. HALLEY. And they were all there apparently for some reason; is that right?

MR. LAFORGE. That is right.

MR. HALLEY. And then when the State police appeared on the scene they just did not open?

MR. LAFORGE. They just did not open at all.

MR. HALLEY. Now, in 1949, did you take any action in Saratoga?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Did the State police take any action, that you know of, aside from any you may have personally taken?

Mr. LAFORGE. No, sir.

Mr. HALLEY. In 1949 were you in charge of the area?

Mr. LAFORGE. Yes, sir.

Mr. HALLEY. How long have you been in charge of that area?

Mr. LAFORGE. Since June 1945.

Mr. HALLEY. Up to August of 1950, did you on any other occasion take any action to close down gambling establishments in the city of Saratoga?

Mr. LAFORGE. Up until 1950, you say?

Mr. HALLEY. Yes.

Mr. LAFORGE. No, sir.

Mr. HALLEY. At no time?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Was there any action taken in 1949?

Mr. LAFORGE. There may have been in the latter part of 1949, perhaps maybe the month of October or November of that year, I am not certain.

Mr. HALLEY. Would you have records that would show it?

Mr. LAFORGE. No, I have no records of that.

Mr. HALLEY. Was there anything done during the season, the racing season, in 1949?

Mr. LAFORGE. No, sir.

Mr. HALLEY. If anything was done it would be done at your direction?

Mr. LAFORGE. Yes, sir.

Mr. HALLEY. How many troopers are under your command?

Mr. LAFORGE. Well, right now we have about 22 plainclothesmen.

Mr. HALLEY. And the barracks are in Troy?

Mr. LAFORGE. Yes, sir.

Mr. HALLEY. How large an area do you cover?

Mr. LAFORGE. 11½ counties.

Mr. HALLEY. Do you know of your own knowledge whether there is gambling in any place in the counties that are under your control, besides Saratoga, such as Mechanicsville and Gloversville?

Mr. LAFORGE. This was in Mechanicsville, I think we cleaned that out pretty well.

Mr. HALLEY. When was that?

Mr. LAFORGE. I believe in 1948. That is in Saratoga County.

Mr. HALLEY. What was the name of the place?

Mr. LAFORGE. Oh, we made a wholesale clean-up of all the slot machines and horse rooms there.

Mr. HALLEY. Were there any dice and roulette games?

Mr. LAFORGE. There was. We cleaned out a gambling room, but it was not in operation. We took all of the equipment. It was a place known as Slicky Joyce's.

Mr. HALLEY. Are there any other gambling establishments that you know of under your jurisdiction?

Mr. LAFORGE. Not under my jurisdiction.

Mr. HALLEY. In any of the cities?

Mr. LAFORGE. There may be, but not to my knowledge.

Mr. HALLEY. Have you heard rumors? Have you had information that there are such places?

Mr. LaFORGE. Well, we have information that there are probably horse rooms in the cities of Albany, Gloversville, Johnstown, the city of Amsterdam, and we cleaned out the city of Hudson last year.

Mr. HALLEY. What determination is made as to whether to ask the Governor's permission to go into a city or not?

Mr. LaFORGE. The district attorney requests it.

Mr. HALLEY. Suppose no request was made locally?

Mr. LaFORGE. Then nothing is done about it.

Mr. HALLEY. Well, the Governor has the power to order something to be done, if you recommend it to him, does he not?

Mr. LaFORGE. Well, I would not recommend it to the Governor. I have no contact with the Governor whatsoever.

Mr. HALLEY. Have you ever filed information or reports to your superiors on these other cities, other than Saratoga?

Mr. LaFORGE. No, sir; outside of the city of Hudson last year.

Mr. HALLEY. How did the clean-up in Hudson come about?

Mr. LaFORGE. The district attorney requested it through our superintendent, John A. Gaffney.

Mr. HALLEY. And then did you make a survey?

Mr. LaFORGE. We made a survey and took action.

Mr. HALLEY. Were arrests made?

Mr. LaFORGE. Yes, sir.

Mr. HALLEY. Now, just to get the record absolutely clear on the present survey that we are talking about now in Saratoga, when you completed it you turned it over to Mr. McGarvey?

Mr. LaFORGE. I turned my reports, that went through channels, through the mail, to the chief inspector, Francis McGarvey.

Mr. HALLEY. Where is he located?

Mr. LaFORGE. At Albany, N. Y.

Mr. HALLEY. You don't know what he did with it?

Mr. LaFORGE. No, sir.

Mr. HALLEY. Have you ever discussed it with him or with any of your superiors?

Mr. LaFORGE. About the gambling?

Mr. HALLEY. Yes.

Mr. LaFORGE. Oh, yes.

Mr. HALLEY. And you have discussed your report?

Mr. LaFORGE. Oh, yes.

Mr. HALLEY. Since you made it?

Mr. LaFORGE. Oh, yes, sir.

Mr. HALLEY. Was there any discussion of what action could or should be taken about the report?

Mr. LaFORGE. Well, we were prepared with the information that we had, in the event we had a complaint from the district attorney in their city, we have had enough of a physical set-up to take action. The reason we made this survey is that Saratoga only opens for 28 days, and if you receive a complaint on a minute's notice, we would like to know about it.

Mr. HALLEY. What is the 28-day period in Saratoga?

Mr. LaFORGE. It varies. That is the racing season.

Mr. HALLEY. It is the racing season.

Mr. LAFORGE. Yes.

Mr. HALLEY. Generally from the beginning of August up to about——

Mr. LAFORGE. Sometimes it is a few days after the beginning of August until a few days in September. It varies. Sometimes it starts in July and ends at the end of August.

Mr. HALLEY. Now, when you talked to your superiors about the gambling situation in Saratoga, was the suggestion ever made that the situation should be called to the Governor's attention?

Mr. LAFORGE. Will you repeat that?

Mr. HALLEY. In discussing the Saratoga situation with your superiors, was the suggestion ever made that the matter be called to the attention of the Governor?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Well, wouldn't that be one way to get authority to go in and enforce the laws of the State of New York?

Mr. LAFORGE. Well, after all, we are just a small force of men. We have plenty to do outside of the cities, which are not controlled by local police; it would not be up to us to suggest whether any city should be cleaned out.

Mr. HALLEY. In any event, you made no such suggestion?

Mr. LAFORGE. No, sir.

Senator TOBEY. When you made this report to Mr. McGarvey, nothing was done about it, was there, the 1947 report?

Mr. LAFORGE. Nothing was done with regard to action in the city of Saratoga.

Senator TOBEY. Your report shows that there were gambling houses. What action was taken based upon that report of yours?

Mr. LAFORGE. No action.

Senator TOBEY. Who was it up to to take action; was it up to Mr. McGarvey?

Mr. LAFORGE. I don't think we would take action unless there was a complaint.

Senator TOBEY. Well, the fact remains that you discovered these hellholes out there, didn't you?

Mr. LAFORGE. I did.

Senator TOBEY. And then as you went along in your work as a policeman and a citizen, you found out that there was not a darn thing done about it?

Mr. LAFORGE. No.

Senator TOBEY. Why didn't you go to McGarvey and say, "What are you going to do about it?"

Why didn't you say, "If you don't do anything about it, I will go up to the Governor"?

Mr. LAFORGE. That is not up to me to do that.

Senator TOBEY. Oh, yes, it is.

Mr. LAFORGE. No; it is not.

Senator TOBEY. Why not?

Mr. LAFORGE. Because it is not.

Senator TOBEY. Well, the organization of the police is no stronger than its weakest link, and you certainly were a weak link, or rather, you had a weak link there.

Mr. LAFORGE. No, sir.

Senator TOBEY. In McGarvey.

Mr. LAFORGE. No, sir.

Senator TOBEY. The man did not do a "darn" thing about it; did he?

Mr. LAFORGE. He did not take any action on that, because we did not have the authority.

Senator TOBEY. But you had the power to bring it to the attention of those in authority.

Mr. LAFORGE. I did bring it to the attention of my superior.

Senator TOBEY. And he did not do a thing about it; did he?

Mr. LAFORGE. No.

Senator TOBEY. Then what did you do, just sit quiescent?

Mr. LAFORGE. I suppose if you want to call it that.

Senator TOBEY. Why didn't you, as a public-spirited citizen and policeman, say, "I will go to the Governor about it"?

Mr. LAFORGE. We just don't do those things.

Senator TOBEY. Why not?

Mr. LAFORGE. (No answer.)

Senator TOBEY. If there was a man who was crooked in his heart, and had no interest in the public welfare, you would just sit supinely by and say, "I have done my part and made my investigation"?

Mr. LAFORGE. Let me tell you something about Chief McGarvey. He is a well-respected man and an upright citizen. I would like to straighten you out on that.

Senator TOBEY. Well, he didn't do a thing about it; did he?

Mr. LAFORGE. He did not have the authority to do anything.

Senator TOBEY. What did he do, just put the report in his desk and pigeonhole it?

Mr. LAFORGE. You would have to ask him about that.

Senator TOBEY. Do you know what he did with it?

Mr. LAFORGE. No.

Senator TOBEY. Did you ask him?

Mr. LAFORGE. No.

Senator TOBEY. So you just let it drop?

Mr. LAFORGE. That is right.

Senator TOBEY. Well, we have so many men drawing salaries in the State and Nation who just do what they have to do, and do nothing further to show up a public menace. Don't you think that you have a duty beyond drawing your pay and holding your job, and when a McGarvey, or a Smith, or a Jones doesn't do anything about it, then is it not incumbent upon you as a citizen to show him up and prod him along, get him into the press and get publicity on it?

Mr. LAFORGE. We just don't do those things.

Senator TOBEY. I see. You don't?

Mr. LAFORGE. No.

Senator TOBEY. Then I am asking you why?

Mr. LAFORGE. Because——

Senator TOBEY. The public welfare is bigger than your interest or McGarvey's interest.

Mr. LAFORGE. Well, that is your opinion, Senator.

Senator TOBEY. That is my opinion. You are not aiding us or abetting us in any way. You do nothing, you just sit supinely back and still hold your job.

Mr. LAFORGE. That is correct.

Senator TOBEY. That is all.

The CHAIRMAN. May I ask, in this 1947 report that you made, and the places that are listed here, were they eating and drinking and gambling places, did eating, drinking, and gambling take place all in the same places there?

Mr. LAFORGE. No; they had separate rooms for gambling.

The CHAIRMAN. I mean, you would just go through another door into the gambling part, would you not?

Mr. LAFORGE. Yes.

The CHAIRMAN. It was all under the same roof?

Mr. LAFORGE. All under the same roof; yes, sir.

The CHAIRMAN. They could not get along very well, could they, without a liquor permit? These gambling places all served liquor, didn't they?

Mr. LAFORGE. Yes; they all served liquor.

The CHAIRMAN. I notice here, sir, that here for instance is a State liquor-authority release, October 4, 1950, in which it tells about revocations, and that they had gotten revocations on the grounds of permitting gambling in licensed premises. That is a ground for revocation, apparently.

But do you know of any of those liquor permits at Saratoga being revoked?

Mr. LAFORGE. I do not.

The CHAIRMAN. Does that come under your jurisdiction?

Mr. LAFORGE. No, sir.

The CHAIRMAN. If they revoked a liquor permit they would have a hard time operating, wouldn't they?

Mr. LAFORGE. I believe so.

The CHAIRMAN. You have to have food and drinking as a necessary part of the gambling establishment, isn't that right?

Mr. LAFORGE. That is right.

The CHAIRMAN. That is true from your experience?

Mr. LAFORGE. Yes, sir.

Senator TOBEY. In this report of yours of 1947, in two pages, you mention the word "operators." What does an operator mean? Is that the man who runs the roulette wheels and runs the tables?

Mr. LAFORGE. The owners of the concession, I believe; the gambling concession.

Senator TOBEY. In this case operators are owners?

Mr. LAFORGE. Yes, sir.

Senator TOBEY. I notice that you have Joe Adonis as an operator and I wondered whether he handled the dice tables or the finances.

Mr. LAFORGE. The financial end, I believe.

The CHAIRMAN. Just for identification and not to be copied into the record, as it is too lengthy, we will place in as an exhibit the document I was referring to. What will that be, exhibit No. 20?

Mr. HALLEY. Yes, exhibit No. 20.

(The document referred to was marked as exhibit No. 20, and is on file with the committee.)

The CHAIRMAN. Do you have anything else, Mr. Halley?

Mr. HALLEY. Yes; two things.

First, do you make any reports to the State liquor authority on the basis of your information?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Is there no procedure set up for such a report?

Mr. LAFORGE. No, sir.

Mr. HALLEY. When was the last raid made in Saratoga on any gambling house before 1950 and, of course, in 1950 you did not have to raid them; they just did not open?

Mr. LAFORGE. I could not tell you that, sir.

Mr. HALLEY. Was there one in 1941?

Mr. LAFORGE. I was not stationed there then.

Mr. HALLEY. None were made since you became the officer in charge?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Thank you. I have nothing else.

The CHAIRMAN. Do any of you gentlemen have any questions? All right, thank you very much, sir.

Mr. LAFORGE. You are welcome, sir.

(Witness excused.)

The CHAIRMAN. Will you call your next witness, Mr. Halley.

Mr. HALLEY. Yes; we will call Mr. Gaffney.

The CHAIRMAN. Good morning, Mr. Gaffney. Will you raise your right hand, please.

Do you solemnly swear to the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GAFFNEY. I do.

TESTIMONY OF JOHN A. GAFFNEY, SUPERINTENDENT, NEW YORK STATE POLICE

Mr. HALLEY. Will you state your full name, please.

Mr. GAFFNEY. John A. Gaffney.

Mr. HALLEY. What is your title, please?

Mr. GAFFNEY. Superintendent of the New York State Police.

Mr. HALLEY. How long have you held that position?

Mr. GAFFNEY. Since December 1943.

Mr. HALLEY. Prior to that, what was your position?

Mr. GAFFNEY. I was the deputy superintendent from July 1943 until December 1943. Before that, I was captain of Troop K at Hawthorne.

Mr. HALLEY. For how long.

Mr. GAFFNEY. Seven years.

Mr. HALLEY. As a New Yorker, I would like to say at the outset of your testimony that I personally have had the highest regards for the State police, and particularly did I have affection for Troop K of Hawthorne which, during my stay at the United States attorney's office, repeatedly brought in prohibition and still cases and worked with us very effectively.

The CHAIRMAN. You look like an awfully young man to have had so much experience. How old are you, sir?

Mr. GAFFNEY. I am 50.

The CHAIRMAN. Are you?

Mr. GAFFNEY. Yes, sir.

The CHAIRMAN. Go ahead, Mr. Halley.

Mr. HALLEY. Mr. Gaffney, what we are interested in primarily is the Saratoga gambling picture. A survey of gambling was made by the State police in Saratoga; is that correct?

Mr. GAFFNEY. That is right.

Mr. HALLEY. When was that made?

Mr. GAFFNEY. In 1947.

Mr. HALLEY. Under whose direction was that made?

Mr. GAFFNEY. Mine.

Mr. HALLEY. Under what circumstances did you order the survey made?

Mr. GAFFNEY. Well, for the reason that I wanted to have some idea of what was going on, in case we had a complaint from the district attorney or the people in authority there.

Mr. HALLEY. Were you asked to make that survey by any other agency of the State government?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. No such request came from the office of the Governor?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. And such a survey was made, however?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. It was primarily your own idea and it was done on your own initiative?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. Before ordering the survey made, did you discuss it with anyone else?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. Who did you order to make the survey?

Mr. GAFFNEY. The chief inspector, McGarvey.

Mr. HALLEY. Who actually made the survey?

Mr. GAFFNEY. I think it was done under the direction of LaForge of that district.

Mr. HALLEY. And that is the district with headquarters at Troy?

Mr. GAFFNEY. That is right; yes, sir.

Mr. HALLEY. Do you have a copy of that survey, sir?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. Would you present it to the committee, please?

Mr. GAFFNEY. Certainly [handing document to counsel].

The CHAIRMAN. Well, we don't want to take your original, if this is the original.

Mr. GAFFNEY. That is a copy of it.

The CHAIRMAN. All right.

Mr. HALLEY. I will offer this as exhibit of Witness Gaffney.

The CHAIRMAN. It will be marked and received.

(See exhibit No. 19, appendix, p. 1727.)

Mr. HALLEY. I note that this survey is dated August 6, 1947. Would that be immediately after the opening of the so-called season at Saratoga?

Mr. GAFFNEY. Yes.

Mr. HALLEY. Now, do you remember when you received the survey?

Mr. GAFFNEY. Well, I would say it was a day or so after that date, whatever it is, the 6th or 7th.

Mr. HALLEY. And from whom did you receive it?

Mr. GAFFNEY. The chief inspector.

Mr. HALLEY. McGarvey?

Mr. GAFFNEY. Yes.

Mr. HALLEY. What did you do with it?

Mr. GAFFNEY. I put it in my desk.

Mr. HALLEY. You just filed it?

Mr. GAFFNEY. Yes.

Mr. HALLEY. Did you convey the information to anyone else?

Mr. GAFFNEY. No.

Mr. HALLEY. Was it within your power to do anything about the conditions revealed by this survey?

Mr. GAFFNEY. No.

Mr. HALLEY. Looking at the survey, exhibit No. 19, I notice for instance that at Smith's Interlochen at Saratoga Spa there is a description of gambling equipment consisting of four roulette wheels, three crap tables, one large wheel, silver dollars placed on numbers, card tables, blackjack dealer, and one bird cage.

With information like that before you, didn't you have any authority to take any action?

Mr. GAFFNEY. No.

Mr. HALLEY. Well, what were the limitations upon your authority?

Mr. GAFFNEY. That is a city, Saratoga. They have an organized police department there.

Mr. HALLEY. Under the circumstances, what is the law of the State of New York regarding your powers within a city?

Mr. GAFFNEY. Upon request of the mayor or order of the Governor, is the law.

Mr. HALLEY. Now, you are an appointee of the Governor, is that correct?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. Did you transmit this report or any summary of it to the Governor or anybody on his immediate staff?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. Why did you not do so?

Mr. GAFFNEY. Well, we just do not ever do anything like that.

Mr. HALLEY. Well, why not?

Mr. GAFFNEY. That was just for my own information, and I kept it. There was not any reason for me to give it to anybody else.

Mr. HALLEY. You are the head of the State police; is that right?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. And that is an enforcement arm of the State government, is that it, a law-enforcement arm?

Mr. GAFFNEY. Not in cities.

Mr. HALLEY. Well, even in the cities if the Governor so orders.

Mr. GAFFNEY. I think the law read only expressly on order or request of the mayor, is the way the law reads, so far as the State police is concerned.

Mr. HALLEY. Isn't it also on request of the Governor?

Mr. GAFFNEY. By order of the Governor.

Mr. HALLEY. He does not need a riot to order you in if he wants to order you in?

Mr. GAFFNEY. No; I would say not.

Mr. HALLEY. Didn't it occur to you that the Governor would be interested in knowing of this condition, and that for his own protection he should know it?

Mr. GAFFNEY. I never felt that way; no.

Mr. HALLEY. How do you reason that; from the viewpoint of this committee the Governor certainly is just one man with many duties, and he relies on the heads of his various departments? If the State police do not tell him what is going on in the State, who would?

Mr. GAFFNEY. Well, I did not tell him, I know that.

Mr. HALLEY. With whom did you ever discuss the gambling situation in Saratoga?

Mr. GAFFNEY. With members of the division.

Mr. HALLEY. For instance, just going through this at random, it is obvious that in approximately seven places—seven places are described here in which gambling seemed to be in progress.

I find another place, the Arrowhead, at Saratoga Spa, N. Y., operated by Joe Adonis, Charles Nanni, J. A. Coakley, alias O. K. Coakley, and Lefty Clark, of Detroit.

Now, in the operation of this Arrowhead Inn there were some very well known and infamous gangland characters; is that not so?

Mr. GAFFNEY. I would say "Yes."

Mr. HALLEY. Certainly Adonis has a record which is well known.

Mr. GAFFNEY. Yes.

Mr. HALLEY. And I presume that as an efficient law-enforcement officer you would know that Lefty Clark of Detroit is the same man whose alias is William Bischoff, who operates gambling establishments in other parts of the country?

Mr. GAFFNEY. That is right.

Mr. HALLEY. Under those circumstances did you not discuss this condition with anybody in the executive branch of the government of the State of New York?

Mr. GAFFNEY. Not to my knowledge.

Mr. HALLEY. Didn't you think that the Governor would be interested?

Mr. GAFFNEY. Well, I cannot answer that, as to whether he would or not.

Mr. HALLEY. How often do you see the Governor of the State of New York?

Mr. GAFFNEY. Not very often.

Mr. HALLEY. Once a month?

Mr. GAFFNEY. No.

Mr. HALLEY. How often do you see his executive secretary?

Mr. GAFFNEY. Well, that varies. Sometimes a couple of times a week, sometimes not for a couple of months.

Mr. HALLEY. There are various State police matters that you discuss at the executive mansion; is that right?

Mr. GAFFNEY. At the mansion?

Mr. HALLEY. Or at the capitol?

Mr. GAFFNEY. Yes, at the executive chambers?

Mr. HALLEY. Yes.

Mr. GAFFNEY. Yes.

Mr. HALLEY. What, for instance, would be of more significance to the Governor, or to his immediate staff, than this condition at Saratoga?

Mr. GAFFNEY. Well, Saratoga is no secret, so far as I am concerned. It has been going on that way for years, so that everybody knows about it.

MR. HALLEY. What do you mean when you say everybody knows about it?

MR. GAFFNEY. Well, I think all the people that go there know about it. They say that there are 50,000 people at the track, and they frequent those other places, so there is no secret as to what is going on there.

MR. HALLEY. You mean that most informed people in the State know about it?

MR. GAFFNEY. I should think so, yes.

MR. HALLEY. Did you just presume that the people of the executive offices must have known about it?

MR. GAFFNEY. I should imagine they did.

MR. HALLEY. You would find it hard to understand how they could help knowing about it; is that right?

MR. GAFFNEY. Well, I should think they would know about it.

MR. HALLEY. Now, you made the report, I gather, so that in the event of a complaint you would know just what the situation was, and you would be ready to act; is that correct?

MR. GAFFNEY. Yes, sir.

MR. HALLEY. Did you make any effort to ascertain the situation which resulted in the failure of the local Saratoga authorities to do anything about the gambling picture in Saratoga?

MR. GAFFNEY. No, I never did.

MR. HALLEY. Can you state your reasons for that?

MR. GAFFNEY. I did not think it was my duty to do so.

MR. HALLEY. Well, there was obviously a breakdown of law enforcement in the locality, was there not? Wouldn't that be correct?

MR. GAFFNEY. Apparently, yes.

MR. HALLEY. Would it not be your duty to find out the reasons for it, in the event that you suddenly became charged with the duty of enforcing the law?

MR. GAFFNEY. I think that was up to the local authority, the district attorney or the mayor, or somebody else like that.

MR. HALLEY. When, for the first time, did the State troopers take action in Saratoga?

MR. GAFFNEY. I think it was in September of 1949.

MR. HALLEY. What date in September?

MR. GAFFNEY. What date?

MR. HALLEY. Yes.

MR. GAFFNEY. Well, I could not give you the actual date, but somewhere in September or the first part of October.

MR. HALLEY. Now, at that time the Governor ordered the troopers to go into Saratoga and suppress gambling; is that right?

MR. GAFFNEY. Yes.

MR. HALLEY. Do you know the occasion for that order?

MR. GAFFNEY. I think it was the result of this fellow Weiss' wife being sore about his being clipped up there for a considerable amount of money, and she made a complaint.

MR. HALLEY. In fact, she brought a lawsuit to require the attorney general, I believe, of New York State, to enforce the law; is that not right?

MR. GAFFNEY. I am not sure of that. I think there was some suit in the supreme court up there. As to what it was, I am not sure about that.

Mr. HALLEY. It received a fairly large amount of publicity, did it not?

Mr. GAFFNEY. Yes; it was in the papers.

Mr. HALLEY. That lawsuit was brought during the spring of 1949, was it not?

Mr. GAFFNEY. In the spring of 1949?

Mr. HALLEY. Yes.

Mr. GAFFNEY. I don't think so.

Mr. HALLEY. When was it brought?

Mr. GAFFNEY. I think it must have been sometime after August 1949, at least.

Mr. HALLEY. What is the basis for your belief?

Mr. GAFFNEY. What is that?

Mr. HALLEY. What is the basis for your belief?

Mr. GAFFNEY. I think the holler was that he was clipped during the 1949 operations in Saratoga.

Mr. HALLEY. As a matter of fact, the lawsuit was filed in 1948, when on August 17, 1948, a motion for a temporary action was brought. The motion was denied and an appeal was filed, still in August of 1948.

Mr. GAFFNEY. Well, I am not sure of the date. I thought it was 1949.

Mr. HALLEY. As a New Yorker I had read it as having been early, I remembered it as having been earlier than the 1949 season.

Well, would the Governor's office not be able to act on the basis of the report you just furnished the committee? Suppose you had transmitted that to the Governor's office, would he have been able to act on that and order you in?

Mr. GAFFNEY. I think that he would; yes.

Mr. HALLEY. It would certainly be at least as effective as the Weiss lawsuit?

Mr. GAFFNEY. Yes; I would say so.

Mr. HALLEY. Prior to September or October 1949—and for the record I will state it was after the close of the season in 1949—prior to that date when did the New York State police last do anything about Saratoga?

Mr. GAFFNEY. How far back are you going?

Mr. HALLEY. Well, as far as you have to go to find out the last action taken at Saratoga City by the New York State police.

Mr. GAFFNEY. Well, I think in 1939 they sent up a detail of men to close the places. Prior to that I cannot remember anything.

Mr. HALLEY. And in 1941 there was, I believe, the last raid on Piping Rock?

Mr. GAFFNEY. Well, in 1941 I was not up there. I was down this way.

Mr. HALLEY. In 1939 did they actually close any places?

Mr. GAFFNEY. They were closed by the time we got there.

Mr. HALLEY. Is it not a fact that if the local authorities know that the State police intend to act, that they just close down?

Mr. GAFFNEY. Yes.

Mr. HALLEY. That is what happened, in fact, in 1950, is it not?

Mr. GAFFNEY. Yes. But we made some arrests there.

Mr. HALLEY. In which year?

Mr. GAFFNEY. 1950.

Mr. HALLEY. Where did you make arrests?

Mr. GAFFNEY. On slot machines and horse rooms.

Mr. HALLEY. But the large gambling places just did not open?

Mr. GAFFNEY. They did not.

Mr. HALLEY. Evidently word had gotten around that the State police were going to act; is that right?

Mr. GAFFNEY. Apparently.

Senator TOBEY. Who tipped them off?

Mr. GAFFNEY. I do not have the slightest idea, Senator. We made two arrests, as soon as we found slot machines there and convicted them, and I guess the word went out that we were working in there from that.

Mr. HALLEY. Where else besides Saratoga do you have information in your official capacity that open gambling is going on in the State of New York, or was going on during the year 1950?

Mr. GAFFNEY. That I have in writing, you mean?

Mr. HALLEY. In writing or otherwise, formally or informally.

Mr. GAFFNEY. Do you mean in other cities?

Mr. HALLEY. Cities, counties, villages, and the open country, anything at all.

Mr. GAFFNEY. Well, I guess there is gambling all over.

Mr. HALLEY. I mean wide-open gambling on a large scale, let's put it that way.

Mr. GAFFNEY. Right now?

Mr. HALLEY. No. Say anytime during 1950.

Mr. GAFFNEY. I don't know of any particular place in the last 6 months.

Mr. HALLEY. Let's go back to the summer of 1950.

Mr. GAFFNEY. I don't know of any place particularly.

Mr. HALLEY. Did you ever hear of the Montauk?

Mr. GAFFNEY. In Suffolk County. The Star Island Casino some years ago.

Mr. HALLEY. Tell the committee about the Star Island Casino.

Mr. GAFFNEY. That was when I was captain of K troop some years ago. I have not heard anything recently.

Mr. HALLEY. Had you heard that Nassau County was running gambling wide open this summer?

Mr. GAFFNEY. No, I did not. Well, I will take that back. I did hear there was some gambling going on out there, and I sent an officer out there in July or August of last year, and he reported back that there wasn't anything out that way.

Mr. HALLEY. When did he go, in July or August?

Mr. GAFFNEY. Yes. It was one of those summer months.

Mr. HALLEY. Do you know whether there was any gambling in the Frank Breede Restaurant at Smithtown, Long Island, this summer?

Mr. GAFFNEY. I think there were some pictures in the newspaper from down there, that there was actual gambling, and I think there was an arrest made by the district attorney's man. I don't think we were in on that.

Mr. HALLEY. You took no action?

Mr. GAFFNEY. I don't think we were in on it; no.

Mr. HALLEY. Is there any place else that you know of where gambling was going on wide open throughout the State of New York?

Mr. GAFFNEY. No, I do not.

Mr. HALLEY. At Albany, for instance?

Mr. GAFFNEY. No. Of course, you do hear rumors that there are various places.

Mr. HALLEY. Have there been horse parlors in Albany?

Mr. GAFFNEY. What is that?

Mr. HALLEY. Have there been horse parlors in Albany?

Mr. GAFFNEY. Not to my knowledge.

Mr. HALLEY. Is there any gambling, or has there been, in the last 3 or, let us say, 4 years at Mechanicsville?

Mr. GAFFNEY. Yes; we clipped some slot machines there.

Mr. HALLEY. Has there been any gambling establishments, dice games?

Mr. GAFFNEY. Horse room.

Mr. HALLEY. Did you close the horse room?

Mr. GAFFNEY. Yes.

Mr. HALLEY. Were there any dice games?

Mr. GAFFNEY. No. Cohoes is a dice game.

Mr. HALLEY. Did you close that?

Mr. GAFFNEY. Yes.

Mr. HALLEY. When did you close that?

Mr. GAFFNEY. About a year and a half ago.

Mr. HALLEY. Is Cohoes a city?

Mr. GAFFNEY. Yes.

Mr. HALLEY. And on whose authority did you go into Cohoes?

Mr. GAFFNEY. The district attorney of Albany County.

Mr. HALLEY. Is there any gambling that you know of in Gloversville?

Mr. GAFFNEY. No; not that I know of.

Mr. HALLEY. Or in Buffalo?

Mr. GAFFNEY. No.

Mr. HALLEY. Or Rochester?

Mr. GAFFNEY. No. I guess there are horse rooms in some of those cities that you mention, but to my knowledge and personal information, I don't know.

Mr. HALLEY. Of course, Montauk is not in any city; you would have complete authority to go out there?

Mr. GAFFNEY. Yes.

Mr. HALLEY. Is Smithtown a city?

Mr. GAFFNEY. They have town police there; the town of Smithtown.

Mr. HALLEY. Therefore, you would not be able to go in there?

Mr. GAFFNEY. Yes, we would. We do. We go in towns.

Mr. HALLEY. It is only cities that you do not go into?

Mr. GAFFNEY. That is right.

Mr. HALLEY. So if that restaurant in Smithtown had wide-open gambling you would have had authority to close it; is that right?

Mr. GAFFNEY. That is right.

Mr. HALLEY. And if the Montauk Inn had wide-open gambling, you would have authority to close that?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. The committee has considerable information that these places were running. Is that a surprise to you?

Mr. GAFFNEY. Yes.

Mr. HALLEY. When I say they were running, I mean during the year 1950; is that a surprise?

Mr. GAFFNEY. Yes, it is.

Mr. HALLEY. Where did you get a rumor about Montauk Inn?

Mr. GAFFNEY. I think I read it in the column of one of the New York papers. It said that gambling was flourishing on the east end of Long Island.

Mr. HALLEY. You asked the State troopers to go in there and take a look?

Mr. GAFFNEY. Yes. It was my understanding that the district attorney was apprised of it, too.

Mr. HALLEY. And they found nothing?

Mr. GAFFNEY. That is right.

Mr. HALLEY. Returning to Saratoga, it is extremely difficult for me to understand why you would not call such conditions as your 1947 report disclosed to the Governor's attention. I just don't understand that.

Mr. GAFFNEY. Well, I don't think it was my duty to do so, and furthermore, if I did, I would probably be out of a job, because it was not my responsibility.

Mr. HALLEY. Why would you be out of a job if you reported that?

Mr. GAFFNEY. Because if I was falling down on the job that I was supposed to be doing, I would not be there.

Mr. HALLEY. How would you be falling down on the job? I thought you said you had no authority to go into a city.

Mr. GAFFNEY. That is why I would not go to them.

Mr. HALLEY. What does that have to do with it?

Mr. GAFFNEY. If I went to the Governor and said that I was falling down on the job I was supposed to do, I would not be there.

Mr. HALLEY. Well, you were not supposed to do that job unless he told you to.

Mr. GAFFNEY. That is true.

Mr. HALLEY. As head of the State police, wouldn't it be your duty to, say, in the city of Saratoga, say to the Governor that the city of Saratoga's law-enforcement agency had fallen down, and that gambling was running wide open, and that it was in the hands of a bunch of well-known crooks operating all over the country, wouldn't it be your duty to ask him to authorize the State police to go in and do something about it? Wouldn't that be a perfectly reasonable position for you to take?

Mr. GAFFNEY. Yes; I suppose it would.

Mr. HALLEY. Can you offer any other reason for not doing this, other than you just did not think of it?

Mr. GAFFNEY. Well, I won't say that I did not think of it. I knew that the condition was there. I did not do it. That is all I can say.

Mr. HALLEY. Can you tell the committee why you did not do it?

The committee is, naturally, very anxious to find out whether the political pressures, for instance, in Saratoga were such that it would be just something you thought unwise for you to do.

Mr. GAFFNEY. Well, that is pretty hard to answer. I did not do it, that is about all I can say. It is a condition that has been there for 25 years, to my knowledge, and it is not any secret to anybody, so

therefore I assume that everybody knew it, and it was not my position to tell anybody what was going on there.

MR. HALLEY. You thought enough of it to cite chapter and verse; isn't that right?

MR. GAFFNEY. What is that?

MR. HALLEY. You thought enough of it to get it down in writing and make a pretty detailed report.

MR. GAFFNEY. Yes.

MR. HALLEY. It is one thing to know there is wide-open gambling in the place, and another thing to go in and count the dice tables and roulette wheels, and find out that Joe Adonis is in one joint, and Meyer Lansky is another joint, and so on down the line?

MR. GAFFNEY. Yes.

MR. HALLEY. And when you see these fellows from all over the country with bad reputations in there, that gets to be a really serious situation, don't you think?

MR. GAFFNEY. Yes; I would say that it did, but that report—may I explain to you, that when I asked them to make a report I don't expect them to come up with how many dice tables or who owns it. As a matter of fact, I don't know whether they could prove who owned it. That was just information that my men picked up.

MR. HALLEY. I might say that we did not ask the man who made the inspection, but my guess is that if he just took off his coat and hat and strolled through the place in a civilian suit, that he could do it by just counting on the fingers of his left hand the number of dice tables, and nobody would pay any attention to a man walking into those joints during the season, they were so full, I understand.

MR. GAFFNEY. That is true.

MR. HALLEY. So that I should think the proof would be whoever did the counting could get on the witness stand and raise his right hand and say, "I counted six tables, guys were shooting craps, I saw it."

MR. GAFFNEY. I don't know whether he could or not.

Another thing, Mr. Halley, if there was an order to raid that place, you know, they have a short time of about 24 days of actual operation, and you have to have a pretty good line-up on what you are going to hit, and what the set-up is, if you expect to get to work.

MR. HALLEY. All you have to do, if there are 7 joints, if you took 14 men and just went in and grabbed what you could in each joint, you would have a pretty good case; wouldn't you?

MR. GAFFNEY. Not from my information, the way those places were patronized, you would have had a hell of a time getting in with so many people in the place.

MR. HALLEY. You mean it would be so jammed that the troopers could not get in because of the crush?

MR. GAFFNEY. That is right.

MR. HALLEY. Well, that is facetious. You are just being facetious; aren't you?

MR. GAFFNEY. I mean, to get into the place before things are thrown out of the window before you can get at them.

MR. HALLEY. You have authority to act in plain clothes; do you not?

MR. GAFFNEY. Oh, yes.

MR. HALLEY. You could just walk in and take a look.

Mr. GAFFNEY. Yes. But I am talking about an actual raid.

Mr. HALLEY. Well, it was not necessary to raid these joints. A raid is only necessary when a door is locked, there is a steel door, and then you have to break it down.

Mr. GAFFNEY. Yes.

Mr. HALLEY. All you would have to do would be to go in there with a few troopers and some deputies, each one armed with a warrant, and serve a warrant on four dealers, and walk in to the cashier and serve him with a warrant, and you are through, you have made your raid.

To me, as an amateur, it looks like something that a kindergarten class could do.

Mr. GAFFNEY. Yes; they probably could.

Mr. HALLEY. Was there a political situation in Saratoga that resulted in the protection of these people; do you know?

Mr. GAFFNEY. I would not know.

Mr. HALLEY. Well, from your experience as a law-enforcement officer, and as the head of a body of police for whom I personally have the highest regard, wouldn't you say that the only way that an operation like that could continue would be with the full connivance of the local authorities?

Mr. GAFFNEY. Absolutely. They don't go unless they are all right.

Mr. HALLEY. When you say they don't go unless they are all right, you mean they must have some understanding with the local authorities that they will not be molested?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. And that too much of an investment is involved in opening a place like, say, the Arrowhead Inn, if you are going to be closed down the next day?

Mr. GAFFNEY. Well, they don't take a clip like that, unless they are all right.

Mr. HALLEY. I have no more questions.

Senator TOBEY. Mr. Gaffney, have you talked to Mr. LaForge today?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. Have you talked to him since we adjourned this morning?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. What did he tell you?

Mr. GAFFNEY. He just said that they asked about the report, and why the law was not enforced in Saratoga.

Senator TOBEY. Anything else?

Mr. GAFFNEY. Yes, he said he had a hard time.

Senator TOBEY. Well, you are appointed by the Governor; is that right?

Mr. GAFFNEY. Yes.

Senator TOBEY. Then it is a fair comment to make that having been appointed by the Governor you are answerable to the Governor primarily?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. In other words, below the Governor is Mr. Gaffney, the chief of the State police?

Mr. GAFFNEY. I did not get the question.

Senator TOBEY. Well, suppose we made a chart, there would be the Governor at the top, and below that is Mr. Gaffney, the superintendent of State police?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. And you had your man LaForge go in in 1947, and make a survey, and he gave a pretty comprehensive report that is now in evidence, citing the details of the gambling that was going on. He said that was given to McGarvey.

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. Do you know him?

Mr. GAFFNEY. Yes, sir; of course.

Senator TOBEY. And McGarvey got the report.

Mr. GAFFNEY. I am the superintendent, and Chief McGarvey is under me, and LaForge is under him.

Senator TOBEY. That is what I am getting at. When Mr. LaForge filed his report he filed it with Mr. McGarvey; is that correct?

Mr. GAFFNEY. Yes.

Senator TOBEY. And did McGarvey bring it to your attention then?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. What did you do with it?

Mr. GAFFNEY. I looked it over and put it in my desk.

Senator TOBEY. Do you mean to say that you just placed it in a pigeonhole?

Mr. GAFFNEY. I would not say I placed it in a pigeonhole.

Senator TOBEY. What did you do, lay it out there flat open, upward to see?

Mr. GAFFNEY. I guess many people could.

Senator TOBEY. What action did you take on the report you had of the vice and illegality that was going on there?

Mr. GAFFNEY. I did not take any action.

Senator TOBEY. Why not?

Mr. GAFFNEY. Because we don't operate in the cities.

Senator TOBEY. What is that?

Mr. GAFFNEY. Because we don't operate in the cities.

Senator TOBEY. Let me get this clear now. You have no jurisdiction in the cities?

Mr. GAFFNEY. We have jurisdiction under certain conditions.

Senator TOBEY. Well, you had jurisdiction to send a man in to make a survey and a report, didn't you?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. And he came back and reported that crime was going on, didn't he?

Mr. GAFFNEY. Yes.

Senator TOBEY. And if you were superintendent of State police, you would not have that job unless in your heart you had a hatred of all wrongdoing.

Accepting that as a power on you, how could you not do anything about it? Wouldn't you naturally as an A-No. 1 citizen and a good chief of police, appointed by the Governor, by Governor Dewey, wouldn't you walk in and say, "Here are the conditions. They are illegal. They are flaunting the law. They are figuratively thumbing their nose at the law, and it is up to you, Mr. Governor"?

Mr. GAFFNEY. I did not do that.

Senator TOBEY. Why didn't you do that?

Mr. GAFFNEY. Because I did not think it was my responsibility to do so.

Senator TOBEY. Whose responsibility was it to stop crime in that city?

Mr. GAFFNEY. I think it is the duty of the elected authorities.

Senator TOBEY. Who do you mean by that?

Mr. GAFFNEY. The district attorney or the mayor.

Senator TOBEY. Did you take it up with the district attorney?

Mr. GAFFNEY. No, sir.

Senator TOBEY. Did you take it up with the mayor?

Mr. GAFFNEY. No, sir.

Senator TOBEY. You just didn't take it up with anybody?

Mr. GAFFNEY. No, sir.

Senator TOBEY. In other words, the thing was just in a comatose state, and it was a dead document?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. You put it in storage and did nothing about it at all, and you are chief of police of the State of New York, and people look to you with confidence to protect them from illegality, and all you did was to put it in your desk and file it away?

Mr. GAFFNEY. Yes, sir. I am not responsible to the cities.

Senator TOBEY. Who are you responsible to?

Mr. GAFFNEY. To the State taxpayers and the taxpayers in the rural areas.

Senator TOBEY. You are responsible to the Governor, aren't you?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. Do you think he would condone circumstances such as existed there?

Mr. GAFFNEY. No.

Senator TOBEY. You know what kind of a man he is?

Mr. GAFFNEY. Yes.

Senator TOBEY. The record is that he hates illegality and crime. You know that is his record, don't you?

Mr. GAFFNEY. Yes, sir.

Senator TOBEY. Well, if you saw Tom Dewey and said, "This is a rotten condition, what shall I do, Mr. Governor?" what do you suppose he would say?

Mr. GAFFNEY. Go in and clean it up.

Senator TOBEY. Didn't you hate it yourself? Didn't you feel a sense of outraged dignity seeing these things going on?

Mr. GAFFNEY. Yes.

Senator TOBEY. Well, you were in a position where you were acting pro bono publico, and you were sworn to uphold the law, from your own testimony, and you just ignore a document like this and put it in cold storage. When you were asked what you thought the Governor would do about it if he knew it, you said you thought the Governor would clean it up, and then you did not bring it to his attention. You just did not do a thing about it?

Mr. GAFFNEY. No, sir.

Senator TOBEY. Well, what good are you, if you have a report showing illegality before you and you pay no attention to it, and just put it away in cold storage?

Mr. GAFFNEY. That is not my responsibility.

Senator TOBEY. Of course, it is your responsibility.

Mr. GAFFNEY. That is your opinion.

Senator TOBEY. Every time you say that, you just indict yourself. How do you think it would look tomorrow in the papers if we said that you said it was not your responsibility? Suppose it said in the paper that you said that, "I am appointed by the Governor and I am responsible to him. My deputies brought in evidence of illegal actions and crime"—

Mr. GAFFNEY. Can you hold me responsible for the gambling in the cities?

Senator TOBEY. I hold you responsible for doing nothing about it after it was called to your attention that gambling was going on.

Mr. GAFFNEY. Well, I suppose gambling goes on in Buffalo, Rochester, and Syracuse.

Senator TOBEY. Just let us talk about Saratoga. Your own deputies brought the information to you.

Mr. GAFFNEY. That is right.

Senator TOBEY. You certainly would look like a plugged nickel to me as superintendent of State police.

Mr. GAFFNEY. Thank you very much.

Senator TOBEY. What do you suppose the public at large would think of a man who did not report illegal doings to the Governor, after he had sworn to uphold the law? What hope is there to keep crime down in this country, if the law-enforcement officers do not function properly?

Mr. GAFFNEY. Well, sir, I do not like to be abused. I am an honest man and I resent that.

Senator TOBEY. I am not abusing you. I am just telling you the facts.

Mr. GAFFNEY. Well, I resent it.

Senator TOBEY. Well, you can resent it until that well-known place freezes over. The country will want to know what kind of a plugged nickel you are.

Mr. GAFFNEY. I am not a plugged nickel.

Senator TOBEY. You are no good in my judgment, you are below par, and you are a counterfeit of what a good law-enforcement officer should be. Just look at a picture of yourself, just look at yourself, and search your own conscience.

Mr. GAFFNEY. I am an honest man, I will have you understand that.

Senator TOBEY. You are a passive man.

Mr. GAFFNEY. I am not.

Senator TOBEY. As a law-enforcement officer you are no good.

Mr. GAFFNEY. That is an awful remark for you to make, Senator.

Senator TOBEY. I am giving it to you straight with no compound interest. You indict yourself. "Out of their own mouths they indict themselves."

Out of his own mouth the chief of the State police condemns himself and says he doesn't like it. Of course you don't like it. No man likes to be found incompetent. That is what you have proved to be here today.

I am through, Mr. Chairman.

The CHAIRMAN. Mr. Gaffney, was it because the situation was getting worse in 1950 that you all finally did do something about it, or what was the change of circumstances that forced you to act?

Mr. GAFFNEY. It was this Weiss thing, this fellow complaining about losing the money up in the gambling joints.

The CHAIRMAN. Well, he filed that action in 1948, didn't he?

Mr. GAFFNEY. I thought it was 1949.

The CHAIRMAN. Wasn't it 1948?

Mr. GAFFNEY. Yes.

The CHAIRMAN. And it ran in 1949, but did not open in 1950. I wondered what happened that made it any worse that caused you to move in.

Mr. GAFFNEY. I think there was a complaint to the Governor's office about it.

The CHAIRMAN. All right.

Mr. SHIVITZ. Did you cause any similar survey to be made in any other year than in 1947?

Mr. GAFFNEY. Yes. In 1948, I think. There was nothing in writing, because at that time our information was that they were not going to operate, it came back to us that way. In 1948 we conducted quite a large lottery investigation, and a lot of it went into a lot of counties, taking in Schnectady, Saratoga, and so forth.

Mr. SHIVITZ. Is it your information that in 1948 the large places did not open in Saratoga?

Mr. GAFFNEY. Not in the beginning; no, sir.

Mr. SHIVITZ. But they ultimately did?

Mr. GAFFNEY. Yes, sir; I think so.

Mr. SHIVITZ. In 1949 did you cause another survey to be made?

Mr. GAFFNEY. No; I did not.

Mr. SHIVITZ. And prior to 1947 did you ever ask for a survey on the Saratoga situation?

Mr. GAFFNEY. Yes. I went in there in 1943, and I think it was in 1946—there was nothing in writing—but it was just to find out what was going on, if there was any gambling going on.

Mr. SHIVITZ. You were made aware as a result of an inquiry of conditions which existed there in 1946?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. And in 1948 and 1949?

Mr. GAFFNEY. That is right.

Mr. SHIVITZ. Now, can you tell us what the practice of your organization is when you or your organization obtain information of the existence of crimes other than gambling in municipal areas?

Mr. GAFFNEY. Well, I don't quite get that question.

Mr. SHIVITZ. You stated that the reason you did not take any positive action, and affirmative action, was because this took place in a city, the existence of these crimes was in a city.

Mr. GAFFNEY. That is right.

Mr. SHIVITZ. Let us assume that your organization, or you, had information with respect to the operation of an arson ring, or a prostitution ring, or any other illegal ring in a city such as Saratoga, would you also have taken the action which you took when you received exhibit 1?

Mr. GAFFNEY. Yes; I would say so, unless we had a complaint.

Mr. SHIVITZ. So that if it came to your attention as head of the State police or superintendent of State police that there was an arson ring operating in Saratoga, and you received a full report and detailed statements evidencing the existence of such a criminal ring,

do you mean to say that you would take no action and bring it to the attention of neither the local authorities nor the Governor?

MR. GAFFNEY. We would probably bring it to the attention of the district attorney of the county; yes.

MR. SHIVITZ. But you did not do so because of the nature of the crime? Is that what distinguishes it?

MR. GAFFNEY. You are talking about Saratoga?

MR. SHIVITZ. That is correct.

MR. GAFFNEY. No; I did not bring it to the attention of the district attorney, no.

MR. SHIVITZ. And the distinction was that this was just a crime of gambling that was going on as against a supposed crime of arson. Is that what would make a difference in your mind?

MR. GAFFNEY. Well, I think the district attorney in Saratoga knew the conditions in Saratoga. He might not know of an arson ring operating.

MR. SHIVITZ. Let us assume that you knew an arson ring was operating, and you assumed that the district attorney knew about it, but took no action, would you then take any action to bring it to the attention of any responsible authority or official?

MR. GAFFNEY. No; I don't think I could, if he did not take any action, the district attorney.

MR. SHIVITZ. Are you serious about that, Mr. Gaffney?

MR. GAFFNEY. I am a little confused here.

MR. SHIVITZ. Let me ask you another question. You say that when your people went in in 1949 in Saratoga they closed a couple of handbooks, and that was the tip-off to the big places not to open up, if I understood your testimony?

MR. GAFFNEY. Yes.

MR. SHIVITZ. Now, let us assume that you wanted to get the large operators, the people who were operating Piping Rock, Arrowhead, and so forth, how would you have gone about it?

MR. GAFFNEY. You mean the gambling places?

MR. SHIVITZ. That is right.

MR. GAFFNEY. Well, just get the evidence and lock them up.

MR. SHIVITZ. But you did not attempt to do that even in 1949?

MR. GAFFNEY. In 1949?

MR. SHIVITZ. Yes.

MR. GAFFNEY. No, 1950 is when we went in there.

MR. SHIVITZ. You did not attempt to do that in 1950?

MR. GAFFNEY. We did not have any evidence. We had men working there from October 1949 right through 1950.

MR. SHIVITZ. Now, if it was your desire and serious intent of apprehending those who ran the big places——

MR. GAFFNEY. Yes.

MR. SHIVITZ (continuing). You would not have gone in and picked up the little fellows, would you? That would have been an immediate tip-off, wouldn't it?

MR. GAFFNEY. Well, I don't know. It probably would; yes.

MR. SHIVITZ. You would pick up the little fellows first, or would you leave them alone and get the big fish?

MR. GAFFNEY. Just a minute. As soon as we discovered these things we made an arrest.

Mr. SHIVITZ. I think you understand my question and you are not answering it. Assuming you were after the big fellows in 1950, would you tip your hand off by going in and picking up the small fry first, or would you leave them alone and wait until the big fellows were in swing?

Mr. GAFFNEY. All I had was an order that there be no gambling, and we started in October, that meant that we were in there all that time, and we would arrest anything that turned up.

Mr. SHIVITZ. And yours was a preventive action, then?

Mr. GAFFNEY. To stop gambling; yes.

Mr. SHIVITZ. Before it got under way?

Mr. GAFFNEY. Yes.

Mr. HALLEY. Did I understand you to say that in 1948 there was very little gambling going on at Saratoga?

Mr. GAFFNEY. At the beginning of August, I am told.

Mr. HALLEY. And then it picked up and they had a real good season?

Mr. GAFFNEY. Yes.

Mr. HALLEY. And the gambling houses got going in fine shape in 1948, did they not?

Mr. GAFFNEY. Yes, they did.

Mr. HALLEY. Mr. Gaffney, have you within the last 10 days had a conference with anybody concerning your proposed appearance before this committee?

Mr. GAFFNEY. In the last 10 days?

Mr. HALLEY. Yes.

Mr. GAFFNEY. No.

Mr. HALLEY. Have you at any time had a conference concerning your proposed appearance before this committee?

Mr. GAFFNEY. No.

Mr. HALLEY. Have you discussed your appearance before this committee with anybody representing the Governor, or with the Governor himself?

Mr. GAFFNEY. I told the Governor I was coming here; yes.

Mr. HALLEY. When did you tell the Governor?

Mr. GAFFNEY. I only got a call Saturday, I think it was Saturday afternoon.

Mr. HALLEY. Did you see the Governor?

Mr. GAFFNEY. No.

Mr. HALLEY. You spoke to him over the telephone?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. Did you see or talk to anybody else connected with the Governor's office or the executive branch of the State government?

Mr. GAFFNEY. No; I have been down here.

Mr. HALLEY. And you have at no time discussed your proposed testimony that was to be given here?

Mr. GAFFNEY. No.

Mr. HALLEY. With anybody?

Mr. GAFFNEY. No.

Mr. HALLEY. Did you discuss it with anybody, did you discuss the appearance of your subordinates before this committee?

Mr. GAFFNEY. I discussed it with them, with LaForge and with McGarvey yesterday, I met them in Hawthorne.

Mr. HALLEY. And at that time did you discuss the question of going with LaForge, or rather, with LaForge about his going into Saratoga in 1947 to make a survey?

Mr. GAFFNEY. Yes; we talked about the report.

Mr. HALLEY. Did either of them mention to you that they understood the order came from the Governor's office?

Mr. GAFFNEY. What order, for this check here?

Mr. HALLEY. Yes.

Mr. GAFFNEY. Did I discuss that with them?

Mr. HALLEY. Yes.

Mr. GAFFNEY. I may have, but I don't remember talking about it.

Mr. HALLEY. Do you remember talking to them about whether or not the check at Saratoga in 1947 was ordered by the Governor's office?

Mr. GAFFNEY. Yes; I think we did talk about that.

Mr. HALLEY. How did that come about?

Mr. GAFFNEY. Well, because of this report, this 1947 report.

Mr. HALLEY. How did the question of whether the Governor's office had anything to do with it come up? Who raised that question?

Mr. GAFFNEY. I don't know whether I did or they did, or what.

Mr. HALLEY. Well, what was said about it? Can you give the substance of the conversation, to your best recollection?

Mr. GAFFNEY. No; I don't remember what was said. It was just that I told them that I requested that report as I did other times, and that is all.

Mr. HALLEY. They knew you requested it, there was no question about that. Now, how did the question come up, about whether the Governor's office had requested it?

Mr. GAFFNEY. I don't know whether LaForge mentioned that or not.

Mr. HALLEY. Do you think that he brought the question up, or did you bring it up?

Mr. GAFFNEY. Maybe I did.

Mr. HALLEY. Well, how do you remember it?

Mr. GAFFNEY. Well, I think we were talking about our appearance here and that report.

Mr. HALLEY. How did you bring it up? What did you say?

Mr. GAFFNEY. I just said that it came to me, and that is about all.

Mr. HALLEY. What did you say about the Governor's office?

Mr. GAFFNEY. I don't recall anything about the Governor's office, so far as that report is concerned.

Mr. HALLEY. I thought your testimony just in the last few minutes was to the effect that maybe you brought up the question of whether that report was ordered by the Governor's office or not.

Mr. GAFFNEY. I guess probably I did; yes.

Mr. HALLEY. What did you say?

Mr. GAFFNEY. I probably said that the report came to me and it did not go any place else.

Mr. HALLEY. Why did you say that?

Mr. GAFFNEY. I don't know whether there was some mention about it having gone to the Governor's office or not, I don't know.

Mr. HALLEY. Who mentioned it?

Mr. GAFFNEY. I probably did.

Mr. HALLEY. Why did you do that? Your previous testimony was that it would not ordinarily go to the Governor's office, or be expected

to go. In fact, you said that you would have been doing the wrong thing if you sent it to the Governor's office.

Under those circumstances why would you find it necessary to raise a question and tell your subordinates that it did not go to the Governor's office?

Mr. GAFFNEY. I don't know whether we were talking about it, but LaForge mentioned it, whether he mentioned it to Mr. Murray or not, I don't know. I think we were talking about——

Mr. HALLEY. You mean that LaForge said he told that to Murray?

Mr. GAFFNEY. I am not sure whether he said that or not. He may have said that to Mr. Murray in their talk, I don't know whether he did not not.

Mr. HALLEY. Well, why did you raise the question then?

Mr. GAFFNEY. As I say, I think LaForge mentioned it, and he and I talked about it.

Mr. HALLEY. You asked LaForge what he told Murray?

Mr. GAFFNEY. I think I did; yes.

Mr. HALLEY. And he said he had told Murray about the report——

Mr. GAFFNEY. He said he was not sure whether he mentioned it or not. He just talked in generalities.

Mr. HALLEY. Did you go to the capital, the State capital, to discuss this matter of your testimony before this committee?

Mr. GAFFNEY. No.

Mr. HALLEY. And you talked to no member of the Governor's staff?

Mr. GAFFNEY. The deputy superintendent did, I think he talked to Mr. Walsh.

Mr. HALLEY. Who is Mr. Walsh?

Mr. GAFFNEY. The Governor's counsel.

Mr. HALLEY. When did he go there?

Mr. GAFFNEY. I think it was Saturday, after we were notified to appear here.

Mr. HALLEY. And who is the deputy superintendent?

Mr. GAFFNEY. George M. Searle.

Mr. HALLEY. He is not here today, is he?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. What did Searle tell you when he returned about this conference with Mr. Walsh?

Mr. GAFFNEY. To appear down here and give you that report.

Mr. HALLEY. Did he have any other instructions?

Mr. GAFFNEY. No; only something about that report being police information, and that it was not to be given to the public, or something like that. I don't know whether that was discussed or not.

Mr. HALLEY. That would, of course, be silly, because you know very well these places were open, isn't that right?

Mr. GAFFNEY. I should think so; yes.

Mr. HALLEY. Did you at this conference review the testimony given by McGarvey and LaForge, for the purpose of making sure that the testimony given by everybody who appeared here today would jibe?

Mr. GAFFNEY. Oh, absolutely not. I have nothing to hide here.

Senator TOBEY. Only the report.

Mr. HALLEY. No; in all fairness, Senator Tobey, the report was made fully available to the committee by this witness when he was

asked for it. He had it in his pocket and did not intend to hide it, apparently. I have no doubt that he produced it voluntarily.

The only question is why it was not made available to the Governor so that the Governor could have taken some action on it.

The CHAIRMAN. Well, Mr. Gaffney, let's see if we can get right down to this thing.

You first stated that the thing had been going on for twenty-odd years, and I think maybe it has been longer than that. There were some instructions to you, were there, that this was a thing you were supposed to sort of lay off of, in Saratoga, so far as those inns or casinos are concerned, that that is a political situation up there in Saratoga, and in the absence of some great complaint or something, why, you just were not supposed to have anything to do with it? There must be some explanation besides what we have gotten from you.

I mean, was Saratoga sort of set aside by the officials as sacrosanct and not to be touched upon?

Mr. GAFFNEY. I think so.

The CHAIRMAN. I mean, is that your understanding about it?

Mr. GAFFNEY. Yes, sir.

The CHAIRMAN. How did you get that understanding, Mr. Gaffney?

Mr. GAFFNEY. Well, from my experience in the division, it was always that way. We never had anything to do with Saratoga.

The CHAIRMAN. You just understood that was not a place you were supposed to have anything to do with?

Mr. GAFFNEY. Yes, sir.

The CHAIRMAN. Do you think that the fact that this committee had investigators up there before, when the season began last year, had anything to do with a change of mind about closing it down?

Mr. GAFFNEY. I should think that it did have; yes, sir.

The CHAIRMAN. Did you find that out, that we did have people up there?

Mr. GAFFNEY. No, sir; I never heard that.

The CHAIRMAN. Now, the truth is, Mr. Gaffney, if there had not been sort of a general effort, both in the Senate and throughout the country, to help put the heat on to expose these interstate operations, it probably would have run on up through there last year, wouldn't it, so far as you were concerned?

Mr. GAFFNEY. Yes, sir; I would say so; yes.

The CHAIRMAN. I think that is all. Do you have any other questions, Mr. Halley?

Mr. HALLEY. No, sir.

The CHAIRMAN. That is all, Mr. Gaffney. Thank you, sir.

Mr. HALLEY. Thank you, Mr. Gaffney.

Mr. GAFFNEY. Are you going to keep that report?

Mr. HALLEY. Yes; it is a copy, I take it?

Mr. GAFFNEY. Yes.

Mr. HALLEY. Thank you.

The CHAIRMAN. Who is your next witness?

Mr. HALLEY. We are going to call Mr. LaForge again.

The CHAIRMAN. Mr. LaForge, you realize you are still under oath?

Mr. LAFORGE. Yes.

FURTHER TESTIMONY OF CHARLES LaFORGE

Mr. HALLEY. Mr. LaForge, before coming to testify here did you have a conference with Mr. Gaffney and others concerning the question of your testimony here?

Mr. LaFORGE. Yes; I had a conference with Mr. Gaffney.

Mr. HALLEY. Who else was present?

Mr. LaFORGE. The chief inspector.

Mr. HALLEY. What is his name?

Mr. LaFORGE. Francis McGarvey.

Mr. HALLEY. Did the question come up at that conference as to whether or not the report had been submitted to the Governor's office?

Mr. LaFORGE. No, sir; absolutely not.

Mr. HALLEY. Well, I would not want you to be in a difficult position. You have been cooperative, and it was just testified by Mr. Gaffney that the question did come up. He testified to it quite unequivocally.

Mr. LaFORGE. Not to my recollection.

Mr. HALLEY. Let's have one thing clear. Did you tell Mr. Gaffney that you had told Mr. Murray that a report had been submitted to the Governor's office?

Mr. LaFORGE. Did I tell Mr. Gaffney?

Mr. HALLEY. Yes.

Mr. LaFORGE. That a report had been submitted to the Governor's office?

Mr. HALLEY. Yes.

Mr. LaFORGE. No, sir.

Mr. HALLEY. Or that you thought it had been.

Mr. LaFORGE. No, sir.

Mr. HALLEY. You are sure you did not tell that to Mr. Gaffney?

Mr. LaFORGE. I am positive, sir.

Mr. HALLEY. Now, I think I should tell you that Mr. Gaffney has testified just 2 minutes ago in the presence of two United States Senators, one of whom is a Democrat, and the other of whom is a Republican, and in the presence of three counsel of this committee, one of whom is a Republican, that there was such a conference with you and Mr. McGarvey, and that he thought he raised the question of whether or not the report had been submitted to the Governor's office, and he thought he advised you and Mr. McGarvey that it had not.

When I asked him why he raised the question he said possibly it was because you had said at the conference that you told Mr. Murray that you thought the report had been submitted to the Governor's office.

Mr. LaFORGE. No, sir.

Mr. HALLEY. What is the "No, sir" you refer to? You had better be specific.

Mr. LaFORGE. I don't recall any conversation with reference to the Governor whatsoever.

Mr. HALLEY. Was there any discussion in your conference with Mr. McGarvey and Mr. Gaffney about whether the report was initiated by the Governor's office?

Mr. LaFORGE. No, sir.

Mr. HALLEY. None whatsoever?

Mr. LaFORGE. We discussed the initiation of the investigation. Is that what you are referring to?

Mr. HALLEY. Yes.

Mr. LaFORGE. That was instituted primarily for our own information in the event that we were called.

Mr. HALLEY. Now, how did that subject matter come up in your conversation?

Mr. LaFORGE. That I could not recollect.

Mr. HALLEY. Did you raise the question of how it was initiated?

Mr. LaFORGE. I could not tell you, Mr. Halley.

Mr. HALLEY. When you talked to Mr. Murray, when you were visiting with him, you did tell him, did you not, that you thought the report had been requested by the Governor's office?

Mr. LaFORGE. I don't believe so.

Mr. HALLEY. Did you tell him that the report in your opinion had been submitted through channels to the Governor's office?

Mr. LaFORGE. I told him it went through channels, our report.

Mr. HALLEY. But you did not mention the Governor's office?

Mr. LaFORGE. No, sir.

Mr. HALLEY. Mr. Murray is right here. Will you state for the record your recollection of the conversation, and to refresh your recollection I will give you your memorandum.

Mr. MURRAY. As I understood, at the time we talked about the survey or the report, it had been requested through channels, through your superior, from the Governor's office.

Mr. LaFORGE. I would not know that, Mr. Murray.

Mr. MURRAY. After the completion of the survey, when it had been finished and turned in by you, your understanding, of course, was that it went up to the Governor's office, but you could not prove it; so far as you were concerned it went to your immediate superior, and up through the channels.

Mr. LaFORGE. I told you so far as I was concerned my report went to the chief inspector, and subsequently I imagine it went up through channels.

Mr. HALLEY. Through channels where?

Mr. LaFORGE. To the superintendent.

Mr. HALLEY. For the record, Mr. Murray, will you state this: Did the witness specifically mention the Governor's office, or is that something you created out of your own mind?

Mr. MURRAY. The specific words were used, "to the Governor's office," qualified by "through channels to Mr. McGarvey," your immediate superior, thence to Mr. Gaffney, and to the Governor's office.

Mr. LaFORGE. I would not say that, because I could not prove it.

Mr. MURRAY. There is no question about proof.

Mr. HALLEY. Is that what you told Mr. Murray?

Mr. LaFORGE. I don't believe so.

Mr. HALLEY. Well, why would Mr. Gaffney testify that he thought you told him, and you told it to Mr. Murray?

Mr. LaFORGE. I don't recall talking with Mr. Gaffney about that.

Mr. HALLEY. Well, there is a situation developing which is not only embarrassing to the committee in this regard, but it must be embarrassing to everybody, because we cannot get a simple, straightforward story from the New York State police on this subject. I would like to warn you that I think you would be best advised to be very straightforward and specific with the committee about this.

Mr. LAFORGE. Well, I am, Mr. Halley.

Mr. HALLEY. Now, Mr. Murray is an experienced investigator, and he would have no reason at all to invent this. Nor would Mr. Gaffney have had any reason at all to suggest that it was you who might have told him that you so told Mr. Murray, because nobody suggested it to Mr. Gaffney. He said that himself.

Now, the committee intends to get to the bottom of it, and I hope we can do it without undue embarrassment and cross-examination of you.

Did you not tell Mr. Murray something about the Governor's office?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Did you mention it at all?

Mr. LAFORGE. Not to my recollection.

Mr. HALLEY. You never mentioned the Governor's office at all?

Mr. LAFORGE. No, sir; not to my recollection.

Mr. HALLEY. Is it possible you might have done it and not recalled it?

Mr. LAFORGE. I don't know.

Mr. HALLEY. In other words, you would not deny that you might have done it and forgotten about it?

Mr. LAFORGE. All I remember is speaking with Mr. Murray, it had to do with generalities of Saratoga, and particularly about some lottery investigation.

Mr. HALLEY. Now, look, I don't like to have to probe this deeply, but you know very well that the committee obtained a copy of a report that you told Mr. Murray about, and you were somewhat embarrassed about our having it, and you asked me not to let your superiors know that we had it, but to get a copy that they had.

Now, there is just more here than you are telling the committee about, and the committee intends to get to the bottom of it. Why don't you be frank with us so that we can work in cooperation?

Mr. LAFORGE. I am frank. I don't know just what you are driving at.

Mr. HALLEY. Well, two people, first your superior has said that he felt you told Mr. Murray that the report went to the Governor's office, and Mr. Murray has so stated for the record, and as soon as you leave the room he will be asked to testify under oath as to what you told him and put in evidence the notes he made at that time. It seems to me that if you told him that, and you think it was a mistake, you should say so, but if you told him that you should admit that you told him that.

Mr. LAFORGE. I don't believe that I told him that.

Mr. HALLEY. You don't admit you mentioned the Governor's office at all?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Did you have any conversation with Mr. Walsh, the Governor's secretary?

Mr. LAFORGE. No, sir; I don't even know Mr. Walsh.

The CHAIRMAN. Was he the Governor's secretary?

Mr. HALLEY. No; the Government counsel.

Did you ever have any conversation with Mr. Searles?

Mr. LAFORGE. No, sir.

Mr. HALLEY. You have not talked to him about your testimony at all?

Mr. LAFORGE. No, sir.

Mr. HALLEY. You don't recall having been told at your conference with Mr. Gaffney that the report was one that just went to him for information only, and that it did not go into the Governor's office?

Mr. LAFORGE. I had a conversation with the superintendent; is that whom you mean?

Mr. HALLEY. Yes.

Mr. LAFORGE. And I told Mr. Murray, I believe, that our report was made for our information, in the event that we did make a raid on Saratoga.

Mr. HALLEY. That is what you told Mr. Gaffney?

Mr. LAFORGE. And Mr. Murray, too.

Mr. HALLEY. Did you tell it also to Mr. Gaffney?

Mr. LAFORGE. No; it was not necessary for me to tell it to Mr. Gaffney.

Mr. HALLEY. Didn't he ask you what you told Murray?

Mr. LAFORGE. Yes, sir; he did.

Mr. HALLEY. Didn't you tell him you told him that?

Mr. LAFORGE. No, sir.

Mr. HALLEY. You did not?

Mr. LAFORGE. No, sir.

Mr. HALLEY. Was there any talk with Mr. Gaffney about whether or not the report had gone to the Governor's office?

Mr. LAFORGE. No, sir.

Mr. HALLEY. There was no conversation with him about whether or not the report had been requested by the Governor's office?

Mr. LAFORGE. Not to my recollection.

Mr. HALLEY. If Mr. Murray states under oath, as he has stated on the record, that you told him the report was one requested by the Governor's office, and, two, was after completion forwarded through channels, to the best of your belief, to the Governor's office, then would you say that Mr. Murray is mistaken?

Mr. LAFORGE. I believe so; yes, sir. Might I correct you on this, Mr. Halley? It is possible that Mr. Murray asked me when we would go into Saratoga, and it is possible then I said that we would go through on the Governor's orders, or through a complaint of the district attorney or the mayor of the city. The Governor's name may have come into it at that time, but that would be the only time.

Mr. HALLEY. Well, Mr. Murray, are you specific on the question? Can you speak specifically just what you were told, again; tell us about that. If you have your notes, you may read from your notes.

Mr. MURRAY. We were discussing the matter of the gambling activities in Saratoga, and the fact that no raids or action had ever been taken by the State police in connection with them, with the exception of one instance in 1947, when the subject survey was made. That was on an order which came to the Troy Barracks, to you from your superior, from the Governor's office, through channels from the Governor's office, rather, through channels.

A survey was made and written up, which showed the various places in operation, the equipment in the places, and the possible gamblers controlling the various joints.

When the survey was completed it was sent back to your superior destined, so far as you knew, for the Governor's office. It was under-

stood in our conversation that you could not prove that the survey came out of the Governor's office, the request for it, or the submission to it. All you knew was that it came through channels to you.

The CHAIRMAN. Do you remember it that way?

Mr. LaFORGE. No, sir; I do not.

The CHAIRMAN. All right. Let's get on. Do you have anything else?

Mr. HALLEY. Nothing else.

The CHAIRMAN. Thank you, sir.

Senator TOBEY. Are you going to call Mr. McGarvey in?

Mr. HALLEY. Yes.

Senator TOBEY. Then I should like to have this witness remain in the room.

The CHAIRMAN. Who are you calling?

Mr. HALLEY. Mr. McGarvey.

The CHAIRMAN. Good morning, sir.

Will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth, and nothing but the truth, so help you God?

Mr. McGARVEY. I do.

TESTIMONY OF FRANCIS S. MCGARVEY, CHIEF INSPECTOR, NEW YORK STATE POLICE

Mr. HALLEY. What is your full name, please?

Mr. MCGARVEY. Francis S. McGarvey.

Mr. HALLEY. What is your position?

Mr. MCGARVEY. Chief inspector.

Mr. HALLEY. Of the New York State Police?

Mr. MCGARVEY. Of the New York State Police.

Mr. HALLEY. How long have you held that position?

Mr. MCGARVEY. Since July 1, 1944.

Mr. HALLEY. What was your position prior to 1944?

Mr. MCGARVEY. Captain.

Mr. HALLEY. Of what troop?

Mr. MCGARVEY. Troop B, Malone.

Mr. HALLEY. How long had you held that position?

Mr. MCGARVEY. Three years; three and a half years.

Mr. HALLEY. Prior to that what had been your position?

Mr. MCGARVEY. I was in the inspector's office from 1936 to 1939.

Mr. HALLEY. What are your duties as chief inspector?

Mr. MCGARVEY. As chief inspector?

Mr. HALLEY. Yes.

Mr. MCGARVEY. To conduct investigations for the superintendent and correlate any information and submit reports to the superintendent.

Mr. HALLEY. Are you deputy superintendent?

Mr. MCGARVEY. No; I am chief inspector.

Mr. HALLEY. I see.

Mr. MCGARVEY. We do have a deputy superintendent.

Mr. HALLEY. But you do not occupy that position?

Mr. MCGARVEY. No.

Mr. HALLEY. Are you the third man in line?

Mr. MCGARVEY. That is right.

Mr. HALLEY. Now, with regard to Saratoga, the city of Saratoga, are you familiar with a report that was made on gambling in Saratoga in 1947?

Mr. McGARVEY. I am.

Mr. HALLEY. What were the circumstances leading up to the initiation of that report?

Mr. McGARVEY. Well, I was instructed to have a survey conducted as to the gambling operations in Saratoga. At that time I instructed Inspector LaForge to carry out the survey. He submitted a report to me, which I in turn submitted to the superintendent.

Mr. HALLEY. And where did you get your instructions?

Mr. McGARVEY. From the superintendent.

Mr. HALLEY. Directly?

Mr. McGARVEY. Yes, sir.

Mr. HALLEY. When he gave you your instructions, did he give you any reasons for making the survey?

Mr. McGARVEY. No. I presume it was rumors of gambling that came to his attention.

Mr. HALLEY. The State police have no authority to make arrests or to take action within a city, except at the request of local authorities, such as the district attorney or the Governor?

Mr. McGARVEY. We go in with the district attorney or chief of police, or on instructions of the Governor.

Mr. HALLEY. Would you have authority to make a survey without such instructions?

Mr. McGARVEY. Oh, yes; yes.

Mr. HALLEY. So that your limitations on authority just have to do with any action such as a raid and the serving of warrants?

Mr. McGARVEY. It has been a policy set up by the State police not to originate any investigations in a community where they have an organized police department.

Mr. HALLEY. Why was the policy changed in 1947?

Mr. McGARVEY. Well, that was a survey; it was not an investigation.

Mr. HALLEY. What is the difference between a survey and an investigation?

Mr. McGARVEY. Well, on an investigation there would have been action taken, but the survey we made was to find out what did exist at that time.

Mr. HALLEY. Now, after being asked by Mr. Gaffney to have a survey made, you then communicated that instruction to whom?

Mr. McGARVEY. I submitted it to Superintendent Gaffney.

Mr. HALLEY. You submitted, you mean, the survey?

Mr. McGARVEY. Yes; the report.

Mr. HALLEY. To whom did you convey the instructions to make the survey?

Mr. McGARVEY. Inspector LaForge.

Mr. HALLEY. And in due time he presented you with a survey?

Mr. McGARVEY. With a report; that is right.

Mr. HALLEY. Now, I show you exhibit 1 of Superintendent Gaffney, and I will ask you to look at it and state whether or not that is the survey [handing document to witness].

Mr. McGARVEY. Yes.

Mr. HALLEY. Now, did you receive this survey directly from Mr. LaForge?

Mr. McGARVEY. To the best of my recollection, yes.

Mr. HALLEY. He handed it to you?

Mr. McGARVEY. I believe he did.

Mr. HALLEY. What did you do with it?

Mr. McGARVEY. I made that résumé that is on the fourth sheet, and submitted it to the superintendent.

Mr. HALLEY. Did you have any understanding of what the superintendent would do with it?

Mr. McGARVEY. Oh, no.

Mr. HALLEY. Did you within the last few days have a conference with the superintendent and Mr. LaForge?

Mr. McGARVEY. Yes; yesterday.

Mr. HALLEY. Did that have to do with your appearance here?

Mr. McGARVEY. That is right.

Mr. HALLEY. Was there any discussion about whether or not the survey had been ordered by the Governor's office, or was to be given to the Governor's office?

Mr. McGARVEY. No; on this 1947 survey, no; that survey, so far as I know, came directly from the superintendent.

Mr. HALLEY. Was there any discussion of that question?

Mr. McGARVEY. From the Governor's office?

Mr. HALLEY. No; between you and the superintendent and Mr. LaForge yesterday.

Mr. McGARVEY. No; not in my presence there wasn't any.

Mr. HALLEY. Have you and the superintendent and Mr. LaForge had any other discussions concerning your testimony before this committee?

Mr. McGARVEY. Only yesterday, when we came down, I met the superintendent at Hawthorne.

Mr. HALLEY. You had no other discussions?

Mr. McGARVEY. No, sir. Sometime in December Mr. Murray came to our office, and he spoke about a certain person, if we knew him, and I discussed with Mr. Murray the condition that existed, which did not have to do with this survey, and that is the last I have talked about this until Inspector LaForge advised me on Saturday that he was called to come down here.

Mr. HALLEY. How did he advise you, by telephone?

Mr. McGARVEY. By telephone, of which I was immediately advised by Mr. Murray after that phone call.

Mr. HALLEY. In your phone conversation with Mr. Gaffney, what was the discussion?

Mr. McGARVEY. On Saturday?

Mr. HALLEY. Yes.

Mr. McGARVEY. I advised him that Mr. Murray was trying to get in touch with him, and also that I was to come down here to this committee meeting, and that he also was, and that he was to bring the 1947 survey report with him. That was the context of our conversation.

Mr. HALLEY. Now, in yesterday's talk was there any discussion whatsoever as to why the survey was ordered?

Mr. McGARVEY. None that I recall, outside of gambling that existed at that time.

Mr. HALLEY. Was there any discussion of whether or not the survey had been asked for by the Governor's office?

Mr. McGARVEY. Not at all.

Mr. HALLEY. Was there any discussion of whether or not the survey was to be submitted to the Governor's office?

Mr. McGARVEY. There was not any discussion on that at all.

Mr. HALLEY. Was there any discussion as to whether or not Mr. LaForge had told Mr. Murray that the Governor's office had ordered the survey, and that the survey was sent to the Governor's office?

Mr. McGARVEY. No.

Mr. HALLEY. Or any of those points?

Mr. McGARVEY. Nothing at all.

Mr. HALLEY. Nothing you can touch upon?

Mr. McGARVEY. Nothing at all along that line.

Mr. HALLEY. Do you know whether or not the survey was requested by the Governor's office?

Mr. McGARVEY. No, I don't; but I assume, so far as I am concerned, that it came right from the superintendent, which was the general rumors that gambling was existing at that time in Saratoga.

Mr. HALLEY. Why would the superintendent initiate such a survey in 1947, and not in any other year?

Mr. McGARVEY. Well, previous to that time the track was not open, and there was not any gambling during the war years.

Mr. HALLEY. Now, this survey we have right here, is this a copy or is that the original?

Mr. McGARVEY. That is the original.

Mr. HALLEY. This is the original survey?

Mr. McGARVEY. Yes.

Mr. HALLEY. Well, the first few pages appear to be a carbon copy.

Mr. McGARVEY. That is a résumé that I submitted to the superintendent.

Mr. HALLEY. Where is the original of your résumé?

Mr. McGARVEY. I don't know.

Mr. HALLEY. Have you ever looked into the Saratoga picture yourself?

Mr. McGARVEY. I did not understand your question.

Mr. HALLEY. Do you have any personal knowledge of the Saratoga gambling picture?

Mr. McGARVEY. No; I do not, outside of that report.

Mr. HALLEY. Do you know whether there have been gambling houses in operation elsewhere in New York State and Saratoga during the year 1950?

Mr. McGARVEY. No; I have no knowledge of them.

Mr. HALLEY. Was the Montauk Inn in operation?

Mr. McGARVEY. In Saratoga at that time?

Mr. HALLEY. No; at Montauk Point, N. Y.

Mr. McGARVEY. Oh, no; I don't have any knowledge of that.

Mr. HALLEY. As chief inspector, is it your job to correlate that type of information?

Mr. McGARVEY. Yes, sir.

Mr. HALLEY. And you have no knowledge of whether or not the Montauk Inn was open?

Mr. McGARVEY. Nothing came to my attention.

Mr. HALLEY. Did you cause any investigation to be made at the Montauk Inn?

Mr. McGARVEY. No; I did not.

Mr. HALLEY. The superintendent said he did. Could that be done without your knowledge?

Mr. McGARVEY. Oh, yes.

Mr. HALLEY. You mean that he would go over your head?

Mr. McGARVEY. Yes; he can refer the matter to any one of the troop commanders.

Mr. HALLEY. Is that customary?

Mr. McGARVEY. Oh, yes; in many instances.

Mr. HALLEY. Would there be a special reason for it?

Mr. McGARVEY. Oh, I don't think so, aside from the fact that perhaps I might be involved in something else, and he would send the information to some troop commander.

Mr. HALLEY. Do you know whether or not there was gambling going on in a place known as Frank Breed's at Smithtown?

Mr. McGARVEY. Any particular time?

Mr. HALLEY. 1950.

Mr. McGARVEY. No; I don't. I know he was arrested for operating a horse room some years back there.

Mr. HALLEY. Do you know whether there has been any open gambling there in the last 3 years?

Mr. McGARVEY. No; I do not; I have not heard.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. Just a second until I collect my thoughts. You may go ahead first, Mr. Chairman.

The CHAIRMAN. In the ordinary course of things, when you make a survey of this sort, of course, the superintendent gets the survey, but in the ordinary course of things don't you send one to the State's attorney so he can look into the matter?

Mr. McGARVEY. Not through my office.

The CHAIRMAN. I know, but it seems to me that with something as revealing as this survey, it automatically should be sent on just as a matter of course to the Governor's office or to the State's attorney or to somebody, so that they could proceed further with it.

Mr. McGARVEY. My assumption on this is that the anticipation of a complaint being made by the authorities was the reason for us taking this survey, so that we would be in a position to take immediate action.

The CHAIRMAN. Yes.

Mr. McGARVEY. And on all those places; but generally speaking, if a complaint comes in, and if a complaint came to our attention about gambling in any community, the district attorney would be advised, if he was not the person who made the complaint.

The CHAIRMAN. Well, he did not make the complaint in this case; did he?

Mr. McGARVEY. No; that is right.

The CHAIRMAN. Did you advise the district attorney in this case?

Mr. McGARVEY. No; we did not.

The CHAIRMAN. I wonder why.

Mr. McGARVEY. I don't know.

The CHAIRMAN. Well, just to get down to it, there has been, for some reason or other, political or otherwise, the fact that Saratoga has been left separate and apart insofar as enforcing the gambling

laws is concerned. Wasn't that the situation over the course of years?

Mr. McGARVEY. I believe it was. I made an investigation of Saratoga some years ago, back in 1930.

The CHAIRMAN. 1930?

Mr. McGARVEY. That is right.

The CHAIRMAN. And over all these years nothing was ever done about it?

Mr. McGARVEY. So far as I know, no.

The CHAIRMAN. All right.

Senator TOBEY. You passed this survey report on to Superintendent Gaffney; is that correct?

Mr. McGARVEY. Yes.

Senator TOBEY. Excuse me, please. That is correct; isn't it?

Mr. McGARVEY. That is right.

Senator TOBEY. With a letter of transmittal, or did you just pass it on personally?

Mr. McGARVEY. That résumé that is on there.

Senator TOBEY. Is it a letter of transmittal saying, "I herewith transmit you a report"?

Mr. McGARVEY. Just a memorandum.

Senator TOBEY. When he received it did he talk it over with you?

Mr. McGARVEY. Well, to the best of my knowledge, he went over it and said that it looked like a pretty good-sized operation, and he said, "I think from the contents of this report, that should we be called in to investigate, we will have to have a sizable detail to handle it, because of the size of the resorts."

Senator TOBEY. So he was impressed with the enormity of the thing, and he said that there was a sizable operation there?

Mr. McGARVEY. That is right.

Senator TOBEY. So he was impressed with it?

Mr. McGARVEY. I believe so.

Senator TOBEY. What did he do with the report?

Mr. McGARVEY. Well, I don't know whether he put it in the confidential file, or what; I don't know.

Senator TOBEY. Do you know whether or not he transmitted it to the Governor?

Mr. McGARVEY. I have not the slightest idea.

Senator TOBEY. When you say he put it in a confidential file——

Mr. McGARVEY. Yes; his own confidential file.

Senator TOBEY. Do you mean that it was there to repose——

Mr. McGARVEY. I believe so.

Senator TOBEY (continuing). And gather dust, "where moths and rust corrupt"?

Mr. McGARVEY. I don't know what happened to it.

Senator TOBEY. Are there a number of instances where you have sent on reports up to your chief, Mr. Gaffney, and it would be put in a confidential file and no action be taken?

Mr. McGARVEY. I only recall other reports where we did take action; where complaints were made after the survey was made.

Senator TOBEY. So in those cases you are speaking of now they did take action?

Mr. McGARVEY. Oh, yes.

Senator TOBEY. So this bears out like a *rara avis*, a white elephant; no action was taken on this report?

Mr. MCGARVEY. That is right.

Senator TOBEY. What, in your judgment as a thoughtful man, and an official of the State of New York, was the reason for the extenuating circumstances, if any, that caused this report which made him raise his eyebrows and say that it was a sizable thing, then to have him put it in his confidential file and seal it up—what would be your idea for the reason of that treatment of the report?

Mr. MCGARVEY. The only reason I can give you is that no complaint was made against gambling in Saratoga.

Senator TOBEY. The only complaint made against it was the report itself; was it not?

Mr. MCGARVEY. That was just our report.

Senator TOBEY. The report itself showed a breaking of the law; did it not?

Mr. MCGARVEY. That is right.

Senator TOBEY. And you had sworn to uphold the law; had you not?

Mr. MCGARVEY. Yes.

Senator TOBEY. Therefore, by acting in a negative manner, and putting it in a confidential file, you broke your oath of office to enforce the law?

Mr. MCGARVEY. I take my orders from the superintendent.

Senator TOBEY. Then he broke his oath of office; didn't he?

Mr. MCGARVEY. Well—

Senator TOBEY. Now, what do you think?

Mr. MCGARVEY. Well, the jurisdiction in Saratoga County is a local matter, and we never originated any complaints in any cities, where there was an organized police department.

Senator TOBEY. But in this case you sent Mr. LaForge in there, and he made an exhaustive investigation and report, and made a good report, and it is comprehensive. It is so comprehensive and so damning in its import and content that the chief of the police said in effect that "this is some report," and you agreed with him?

Mr. MCGARVEY. That is right.

Senator TOBEY. Then he took the report, and you think he put it in his confidential file?

Mr. MCGARVEY. That is right.

Senator TOBEY. Now, when a man did that in his position, who swore to uphold the law in the State of New York, then he puts a report like that in a confidential file, do you think he was doing his duty?

Mr. MCGARVEY. I would say it would depend upon what complaints he had.

Senator TOBEY. Forget about the complaint. If there was no complaint at all, then what? The very fact that you yourself instituted this investigation, and you found out certain facts, and when they came to the attention of you and your chief, then they just go into a file and are closed up; is that correct?

Mr. MCGARVEY. That is so far as I know.

Senator TOBEY. What I am asking you is, What hope do the people of a great State have when the chief of the State police, and you,

the chief inspector, and this man LaForge, produce a report showing conditions breaking the law, when they simply put it in an envelope and seal it up and take no action on it? Wouldn't that report, if the men were good officials as they ought to be, arouse in their souls a righteous indignation and have them say, "Hold on, we have got a man as Governor of this State, and this certainly would be repugnant to him, who has taken the oath to enforce the laws. Pass it on to him and let him accept a responsibility"? Would that not be a fair and wise thing to do?

Mr. McGARVEY. I say that he probably followed a policy where they had not taken any action where they had an organized police department.

Senator TOBEY. You are going around, sir; you are circumnavigating around. What I am asking you is, don't you think when your Chief Inspector Gaffney says these conditions existed from the report, that something should have been done about it, instead of just putting it in the archives?

Mr. McGARVEY. Well, I think you are right.

Senator TOBEY. All right. Then the natural thing to do would be for Gaffney to take it to the man who appointed him, and the man who is solely responsible, the Governor of the State?

Mr. McGARVEY. I don't know who suggested the survey.

Senator TOBEY. It doesn't make any difference. There were the facts before you so damning that you say this man Gaffney raised his eyebrows and said that it was some report. It must have been quite a report, and instead of doing anything about it he just said, "We will seal it up in an envelope and put it in the confidential file"; is that correct?

Mr. McGARVEY. That is right.

Senator TOBEY. Isn't a man who does that and keeps that from coming to the light of day and the public knowing this thing, the sort of a man that you should think would naturally take it to the Governor of the State, who is in full charge of the law of the State, when the law is being violated, according to your own investigator's report?

Mr. McGARVEY. I don't know what his purpose was.

Senator TOBEY. Gaffney's purpose.

Mr. McGARVEY. I don't know.

Senator TOBEY. You know he should uphold the laws of the State. That is his sole purpose.

Mr. McGARVEY. I don't know whether he goes to see the Governor at all.

Senator TOBEY. I did not ask you that. Shouldn't he take it to the Governor, in your judgment?

Mr. McGARVEY. No.

Senator TOBEY. Do you think he should put it in a file marked confidential?

Mr. McGARVEY. I think he should take what action he decided to take that was necessary.

Senator TOBEY. Well, he just decided to take no action. Do you think that was a wise procedure?

Mr. McGARVEY. I don't know what he did after I gave him the report.

Senator TOBEY. He did nothing, so he has testified.

Mr. McGARVEY. I don't know that.

Senator TOBEY. I am telling you now, and you can take my word for it, it is on the record. You say yourself that you think he put it in a confidential file, which is doing nothing. Don't you think he should have taken it up to the Governor?

Mr. McGARVEY. I don't know.

Senator TOBEY. Well, it is evident you don't want to answer the question. I should think that you as an American citizen would feel the same sense of hatred that the rest of us do around the table toward these people, and that you would say, "We were just weak, and it was not worth it."

Why don't you just get somebody clean, to go there and not hide behind the berry bushes in the pastures all the time? Your chief didn't do anything. You said he didn't do anything and he said it. I am asking you, you won't incriminate Gaffney, why don't you come out and say that he didn't measure up to his job? You know he didn't, don't you?

Mr. McGARVEY. I don't know what he did with the report.

Senator TOBEY. You know you told me he put it in the confidential file.

Mr. McGARVEY. That is all I know.

Senator TOBEY. You know what he did with the report.

Mr. McGARVEY. I have not heard or seen anything of it until the other day.

Senator TOBEY. You said it, and he testified to it; I am asking you if he was not derelict in his duty by not taking it up with the Governor.

Mr. McGARVEY. I don't know what he does.

Senator TOBEY. Well, you were all going around the opposite barn. You don't see the straight line. You are trying to make a devious one, and you have a right to do it, but you certainly don't make yourself look any better in the opinion of this committee. All I have got to say is that it is a sad commentary.

The CHAIRMAN. Do you have any other questions?

Mr. HALLEY. I have a couple that I would like to ask.

Again, I would like to have you look at Gaffney Exhibit No. 1. You will note that it consists of two top pages, which purport to be a report from you to Gaffney, is that right?

Mr. McGARVEY. That is right.

Senator TOBEY. And then certain pages following it, which purport to be a report from Inspector LaForge.

Mr. McGARVEY. Yes.

Senator TOBEY. To you, I presume, is that right?

Mr. McGARVEY. Well, this is made to the troop commander of Troop G, who was the captain of that troop in charge of that area. But as I recall it, LaForge brought that report over to me personally.

Mr. HALLEY. And the report is dated August 6, 1947?

Mr. McGARVEY. That is right.

Mr. HALLEY. Your summary is dated as of the same date?

Mr. McGARVEY. That is right.

Mr. HALLEY. Now, will you note whether or not the report purports to be the original report, and that the typing appears to be original typing, and that it is on a letterhead of the State police?

Mr. McGARVEY. That is right.

Mr. HALLEY. And by the report I refer to LaForge's report, is that right?

Mr. McGARVEY. That is right.

Mr. HALLEY. Now, will you note that the two top pages, which are your report to Gaffney, are not an original?

Mr. McGARVEY. This is a memo. This is my memo.

Mr. HALLEY. Oh, let's stop beating around the bush. That is a carbon copy, isn't it.

Mr. McGARVEY. That is right.

Mr. HALLEY. Where is the original?

Mr. McGARVEY. I don't know.

Mr. HALLEY. Was the original on a State police letterhead or on blank paper?

Mr. McGARVEY. The memorandum?

Mr. HALLEY. Yes.

Mr. McGARVEY. I believe it was on a blank paper, just a memorandum.

Mr. HALLEY. But there certainly was an original somewhere?

Mr. McGARVEY. That is right.

Mr. HALLEY. And it was signed by you?

Mr. McGARVEY. That is right.

Mr. HALLEY. And that is not it?

Mr. McGARVEY. This is a copy.

Mr. HALLEY. Do you know where the original is?

Mr. McGARVEY. I do not.

Mr. HALLEY. I have no other questions.

Senator TOBEY. Who made the copy?

Mr. McGARVEY. This is a copy of the original; I presume the stenographer did.

Mr. HALLEY. Do you know whether or not Mr. Gaffney sent the original of your report to anyone else?

Mr. McGARVEY. I do not.

Mr. HALLEY. Do you know why, when Mr. Gaffney brought that file up here, he had the original of the LaForge report but not the original of your summary report?

Mr. McGARVEY. No; I do not.

Mr. HALLEY. You have no explanation for that?

Mr. McGARVEY. I do not.

Mr. HALLEY. Your summary report gives all the information in the LaForge report, does it not?

Mr. McGARVEY. That is right.

Mr. HALLEY. It simply condenses it to two sheets of paper instead of spreading it?

Mr. McGARVEY. That is right.

Senator TOBEY. Mr. McGarvey, do you think that the Governor of this great State of New York could be very happy in his heart to learn that he who has sworn to uphold the law, this man that he appointed, this man Gaffney, as chief of police, and Gaffney in turn appointing you as chief inspector, and you in turn appointing LaForge, and then there is a report citing the evidence, in fact, a pretty voluminous report, so very much so that it caused Mr. Gaffney to raise his eyebrows, and that report came into existence showing the conditions of a breakdown in the laws of the great State of New York, and then when the Governor is not appraised of it by the very men

he appointed to office, do you think he would be happy that you smothered this thing and put it in the confidential file?

Mr. MCGARVEY. I don't know whether he had knowledge of it or not.

Senator TOBEY. Well, he will have in 24 hours, with the full story about this thing, and if he is the man I think he is, something is going to drop and drop hard.

Mr. MCGARVEY. Well, sir, I cannot help that.

The CHAIRMAN. Do you have any other questions?

Mr. HALLEY. No. Thank you.

(Witness excused.)

Mr. MCGARVEY. Are you finished with me?

Mr. HALLEY. Just wait until Mr. Gaffney goes. There may be some other questions.

The CHAIRMAN. I guess Mr. Gaffney has gone, hasn't he?

Mr. HALLEY. I am informed that he has. We will next call Mr. Weiss.

The CHAIRMAN. How are you, Mr. Weiss?

Mr. WEISS. Fine, thank you.

The CHAIRMAN. Will you raise your right hand and be sworn?

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. WEISS. I do.

TESTIMONY OF PHILIP WEISS, SARATOGA SPRINGS, N. Y.

The CHAIRMAN. All right, gentlemen, let's proceed.

Mr. HALLEY. What is your full name?

Mr. WEISS. Philip Weiss.

Mr. HALLEY. Sir?

Mr. WEISS. Philip Weiss.

Mr. HALLEY. Where do you live?

Mr. WEISS. 63 Putnam Street, Saratoga Springs.

Mr. HALLEY. How long have you lived in Saratoga?

Mr. WEISS. About 15 years.

Mr. HALLEY. What is your occupation?

Mr. WEISS. Restaurant.

Mr. HALLEY. Are you self-employed?

Mr. WEISS. Pardon me?

Mr. HALLEY. Are you self-employed?

Mr. WEISS. Yes; right at present, yes.

Mr. HALLEY. Do you own a restaurant?

Mr. WEISS. Right now, yes.

Mr. HALLEY. What is the name of it?

Mr. WEISS. Four Sons.

Mr. HALLEY. Four Sons?

Mr. WEISS. Yes.

Mr. HALLEY. Where is it located?

Mr. WEISS. 39 Phile Street, Saratoga.

Mr. HALLEY. Mr. Weiss, did you or your wife ever bring a lawsuit concerning gambling in Saratoga?

Mr. WEISS. I did not get that question.

Mr. HALLEY. Did you or your wife ever bring a lawsuit in Saratoga?

Mr. WEISS. I refuse to answer that.

Mr. HALLEY. On what grounds?

Mr. WEISS. I just refuse.

The CHAIRMAN. Well, Mr. Weiss, you will have to answer that question. We will have to direct you to answer it. If you brought a lawsuit, that is a matter of public notice.

Mr. WEISS. I did not bring a lawsuit.

Mr. HALLEY. Did your wife bring a lawsuit?

Mr. WEISS. I don't know.

Mr. HALLEY. Did she ever bring a lawsuit?

Mr. WEISS. She may have.

Mr. HALLEY. Were you a defendant in a lawsuit?

Mr. WEISS. I don't know what you mean by that.

The CHAIRMAN. Well, you are going to have to answer these questions and give us the information, or we are going to have a lot of trouble here.

Mr. WEISS. I am not looking for any trouble.

The CHAIRMAN. I know you are not looking for any, but you are sure going to get plenty unless you talk forthrightly and give the committee the information we want and are entitled to.

Let's go on, Mr. Halley.

Mr. HALLEY. Mr. Weiss, after opening your restaurant, which I believe you opened about 2 years ago, is that right?

Mr. WEISS. That is right.

Mr. HALLEY. Did you receive any threats?

Mr. WEISS. Yes, sir.

Mr. HALLEY. Will you tell the committee about it?

Mr. WEISS. Pardon me, sir?

Mr. HALLEY. Will you tell the committee about those threats?

Mr. WEISS. Well, they told us they would bump me off, and the wife, that they were going to bump her off. We had several threats.

Mr. HALLEY. These threats were anonymous, were they?

Mr. WEISS. Yes, sir.

Mr. HALLEY. Were attacks made on you and your wife?

Mr. WEISS. Well, I wouldn't call them attacks, but it was indirect attacks. It was not physical attacks, but it was indirect attacks.

Mr. HALLEY. Would you explain that to the committee?

Mr. WEISS. Well, they would come in and make trouble in the store, they would chase out customers, they would stand outside and call us rats.

Mr. HALLEY. Who did that?

Mr. WEISS. Several people.

Mr. HALLEY. Do you know who they were?

Mr. WEISS. One is Alice Portnoy.

Mr. HALLEY. Who is she?

Mr. WEISS. I don't know who she is. She is just a woman there, and, oh, a lot of fellows.

Mr. HALLEY. Do you know any of them?

Mr. WEISS. Well, I don't know. The people would try to come into the store, and they would holler, "Don't go into that rat's place." We didn't want to have the few people in the place chased out.

Mr. HALLEY. In short, you have had a lot of trouble since 1948?

Mr. WEISS. Oh, yes; we have had lots of trouble.

Mr. HALLEY. Strictly speaking now, August 18, 1948, she began a lawsuit against you and certain other people?

Mr. WEISS. Oh, she started a lawsuit. I don't know if it was started against me. I was never served with any papers.

Mr. HALLEY. Did your wife go to police headquarters to complain about these threats, and was she pushed around at headquarters by the policemen?

Mr. WEISS. I wasn't there.

Mr. HALLEY. Did you tell that to one of the investigators?

Mr. WEISS. She told it.

Mr. HALLEY. You were there.

Mr. WEISS. I didn't say nothing. She was talking.

Mr. HALLEY. You were right there and you heard her say that.

Mr. WEISS. I was present when it was said.

Mr. HALLEY. Did a policeman enter your restaurant about a year ago and draw a gun and scare 60 patrons out of the shop?

Mr. WEISS. I wouldn't say it was 60, but whoever the patrons were who were in there, it was a full store.

Mr. HALLEY. What happened?

Mr. WEISS. We had a colored man working for us, and he was getting \$30 per week. He came in and said that he wanted \$60 per week, and we told him that we could not afford to pay him \$60. He said that he quit, and I said, "Well, so long as you quit, the law says I have to pay you on Friday, so I will pay you on Friday."

He walked out and must have gone to headquarters, but the next day at lunchtime, just about 12 o'clock, the police officer came out and started a terrible commotion in the restaurant. I asked him, "What right do you have to demand this man's pay?" I said, "There are courts of law for that."

He pulled his gun out and everybody ran out of the store.

Senator TOBEY. The policeman did that?

Mr. WEISS. That is right.

Senator TOBEY. Do you know his name?

Mr. WEISS. I don't know, sir.

Senator TOBEY. Do you know his number?

Mr. WEISS. The missus probably knows who it is. I don't.

Mr. HALLEY. Now, Mr. Weiss, you called a certain amount of things to the attention of Mr. Kenny, and they were very interesting and helpful to the committee. I know and the committee knows that you have been engaged in a perfectly legitimate business for the last couple of years and you have had a lot of trouble.

Mr. WEISS. Yes.

Mr. HALLEY. And we do not want to add to your troubles.

Mr. WEISS. Well, that is all you are doing, is adding to my troubles. You are just going to put me out of business; that's all you are doing.

Mr. HALLEY. At the same time, let me finish, please, it should be apparent that there is going to be a showdown on Saratoga.

Mr. WEISS. I cannot be involved in that. I am just a small man trying to make a living for four children, that is all. I am not trying to do anything else, but trying to build up a business, and you are just knocking me out of business. What they could not do you people are trying to do. They have been trying to knock me out of business

for years, and I finally succeeded in getting a foothold, and you people will help me out.

Mr. HALLEY. How is the committee going to put you out of business.

Mr. WEISS. Well, the publicity. They told people not to come in because the place would be bombed, and now with this committee coming up nobody will come into our place. It will keep everybody out.

Mr. HALLEY. You mean because they are afraid it would be bombed?

Mr. WEISS. That is right.

Mr. HALLEY. Who would bomb your place?

Mr. WEISS. Nobody; but those are the rumors they pass around.

Mr. HALLEY. Who passes that around?

Mr. WEISS. To the whole Skidmore College.

Mr. HALLEY. Who told it around?

Mr. WEISS. I don't know. The girls won't tell it to us. I asked a few, "Why don't you come in?" They just say, "The place might be bombed, and we don't want to be there when it is bombed."

I mean, it is just ruining us, that is all it is doing.

Mr. HALLEY. Have you complained to the police?

Mr. WEISS. It doesn't do any good to complain to the police.

Mr. HALLEY. Why not?

Mr. WEISS. Because the missus even went to the Governor, and it didn't do any good.

Mr. HALLEY. When did she go to the Governor?

Mr. WEISS. She went 20 times if she went once.

Mr. HALLEY. About what?

Mr. WEISS. About everything, about everything in general.

Mr. HALLEY. You mean about the threats?

Mr. WEISS. About the threats, about the business, she went to them about everything in general.

Mr. HALLEY. Did she go to him about the gambling?

Mr. WEISS. I think she did several times.

Senator TOBEY. What did the Governor say?

Mr. WEISS. Well, they never let us see the Governor.

Senator TOBEY. Oh, you never saw him?

Mr. WEISS. They would never permit her to see the Governor.

Senator TOBEY. Who did she see?

Mr. WEISS. The secretary would stop her and say, "We will handle the matter."

She finally was advised to write to the Supreme Court Justices, somebody advised us to write to the Judiciary Department, so she wrote to the Supreme Court Justices, and they said they couldn't do anything.

Then she wrote to the Congressman and did not get an answer from him.

So finally one newspaper went to her protection, that was the Police Gazette, and I think they called somebody in Saratoga, and they told them that if any harm befalls anyone in the family, that they would follow it through, and they would never let it rest.

The Police Gazette was the only paper to side with Mrs. Weiss. They called somebody and said, "You had better make sure no harm befalls that family."

Mr. HALLEY. Did you ever work for any of the gambling houses?

Mr. WEISS. Occasionally.

Mr. HALLEY. Will you describe the nature of the work you did, Mr. Weiss?

Mr. WEISS. Well, just a floor man.

Mr. HALLEY. What do you mean?

Mr. WEISS. Oh, just keep the people walking up the aisles.

Mr. HALLEY. In what place did you work?

Mr. WEISS. At Smith's, Urquhart's, Mechanicsville, White's

Mr. HALLEY. What years did you work there?

Mr. WEISS. 1947, 1948, and 1949; or 1946, 1947, and 1948.

Mr. HALLEY. Did you work for any of the places in Saratoga besides Smith's?

Mr. WEISS. Yes, White's and Urquhart's.

Mr. HALLEY. What are White's and Urquhart's?

Mr. WEISS. Horse rooms.

Mr. HALLEY. Horse rooms?

Mr. WEISS. Yes.

Mr. HALLEY. Smith had a regular gambling set-up, is that right?

Mr. WEISS. Well, yes.

Mr. HALLEY. Roulette, craps, and so forth?

Mr. WEISS. Yes.

Mr. HALLEY. What was your job in Smith's?

Mr. WEISS. Just to keep people out of the ring. There is a big ring there, they call it the big money craps, and the people who are not playing, we would just tell them to please go outside of the ring.

Mr. HALLEY. What do you mean by the big-money craps?

Mr. WEISS. That is the \$300 limit crap table.

Mr. HALLEY. That is a pretty big crap game?

Mr. WEISS. Yes, they played for big stakes.

Mr. HALLEY. Is there a minimum?

Mr. WEISS. Well, they bet among each other, they can bet as high as \$100,000 among each other.

Mr. HALLEY. That is on one individual number of \$300, the limit that is there?

Mr. WEISS. Yes.

Mr. HALLEY. But on a single roll of the dice you can get several thousand dollars down on different numbers, couldn't you?

Mr. WEISS. You could probably get down \$50,000.

Mr. HALLEY. I suppose if anybody tried to put dollar bills on a number—

Mr. WEISS. They would send them to the smaller crap games.

Mr. HALLEY. How does the minimum run in the crap game like that at Smith's, \$20 or \$5, or what?

Mr. WEISS. From a dollar up to \$50.

Mr. HALLEY. No, I mean at the big table.

Mr. WEISS. At the big table it is either 5 or 10, I am not sure, sir.

Mr. HALLEY. Either 5 or 10?

Mr. WEISS. Yes. I mean, I am not positive, because it is very seldom that you get a small bettor at that table.

Mr. HALLEY. How did you get your job at Smith's?

Mr. WEISS. Oh, I know people; and I got the job.

Mr. HALLEY. How did you get into that business?

Mr. WEISS. I don't know. It is just one of those things. You live in a gambling town, so you work for gamblers, that is all.

Mr. HALLEY. When did you first move to Saratoga?

Mr. WEISS. When my mother was alive, I don't know, about 15 years, 12, 13, 14, or 15 years.

Mr. HALLEY. Where had you lived before that?

Mr. WEISS. I lived in Florida. We used to live in Florida 6 months, we used to have rooming houses, little hotels.

Mr. HALLEY. What business were you in in Florida?

Mr. WEISS. Rooming houses.

Mr. HALLEY. You and your wife?

Mr. WEISS. Yes.

Mr. HALLEY. Did you ever live in New York City?

Mr. WEISS. Yes.

Mr. HALLEY. What business were you in in New York City?

Mr. WEISS. In the furniture business.

Mr. HALLEY. Were you in any other business?

(No answer.)

Mr. HALLEY. Were you ever arrested in New York City?

Mr. WEISS. Yes.

Mr. HALLEY. For what offenses?

Mr. WEISS. Disorderly conduct.

Mr. HALLEY. Any others?

Mr. WEISS. Usury.

Mr. HALLEY. But you were never convicted?

Mr. WEISS. No.

Mr. HALLEY. Not even for usury?

Mr. WEISS. No.

Mr. HALLEY. You were convicted, I think, for disorderly conduct?

Mr. WEISS. Yes; when I was a taxi driver.

Mr. HALLEY. Where were you a taxi driver? In New York City?

Mr. WEISS. New York City; yes, sir.

Mr. HALLEY. You were indicted for manslaughter in Saratoga, were you not?

Mr. WEISS. Yes.

Mr. HALLEY. What were the circumstances?

Mr. WEISS. Self-defense.

Mr. HALLEY. Self-defense?

Mr. WEISS. Yes.

Mr. HALLEY. What happened, and where did it happen?

Mr. WEISS. A man attacked me—and I was compelled to shoot him—with a razor blade.

Mr. HALLEY. You mean he attacked you with a razor blade?

Mr. WEISS. That is right.

Mr. HALLEY. Where was that?

Mr. WEISS. Saratoga.

Mr. HALLEY. Where was that?

Mr. WEISS. On Phile Street.

Mr. HALLEY. Right on Phile Street?

Mr. WEISS. Yes.

Mr. HALLEY. I see. I see now that you were indicted for second degree assault in 1946, is that right?

Mr. WEISS. Yes.

Mr. HALLEY. In Mechanicsville?

Mr. WEISS. That is right.

Mr. HALLEY. Where did that occur?

Mr. WEISS. Mechanicsville.

Mr. HALLEY. What happened there?

Mr. WEISS. Well, a man tried to—they were going to the bank with the money, and I was outside, and this fellow tried to rob the bank roll, he tried to rob the money. It was just that I happened to be there, and a fight happened, and he was punched, he was a little drunk, and he fell to the floor and hit his head on the gutter.

Mr. HALLEY. As a matter of fact, you acted as guard, didn't you, in the transportation of money to the bank?

Mr. WEISS. No, sir.

Mr. HALLEY. You went along.

Mr. WEISS. I went along.

Mr. HALLEY. And when trouble came up you got into the rumpus, did you not?

Mr. WEISS. Not necessarily.

Mr. HALLEY. But you did on this occasion.

Mr. WEISS. On this occasion I did.

Mr. HALLEY. When you talked to Mr. Kenny, did you give him the picture, did you say to him that the Saratoga picture was lousy from the bottom to the top, or anything like that?

Mr. WEISS. Maybe, I don't know.

Mr. HALLEY. What is your opinion on it?

Mr. WEISS. I have no opinion.

Mr. HALLEY. Did you tell him that politics was behind all the trouble?

Mr. WEISS. You know it better than I do, so why ask me. You know the situation better than I do.

Mr. HALLEY. Well, you think the situation could not exist without political support; is that right?

Mr. WEISS. I don't know.

Mr. HALLEY. It's pretty obvious; isn't it?

Mr. WEISS. You know it, don't you?

Mr. HALLEY. Well, don't you?

Mr. WEISS. What can I say? I am just a restaurant man. I just sell coffee for a nickel.

Mr. HALLEY. Isn't that what you told Kenny?

Mr. WEISS. It is possible I told him a lot of things, I don't remember what I told him.

Mr. HALLEY. If he says you told him that the picture was lousy from the bottom to the top, and that politics was the cause, and that the situation would not exist without the support of politicians, would that be right?

Mr. WEISS. It is possible; I don't know.

Mr. HALLEY. You could have told them that?

Mr. WEISS. Maybe I did and maybe I did not; I don't know.

The CHAIRMAN. Well, let's get on, Mr. Halley.

Mr. HALLEY. You will not deny that you told him that?

Mr. WEISS. I won't deny it and I won't say I did.

Mr. HALLEY. All right. Now, who is Pete Hoffas?

Mr. WEISS. He is deputy commissioner.

Mr. HALLEY. Deputy commissioner of what?

Mr. WEISS. Public safety.

Mr. HALLEY. In Saratoga?

Mr. WEISS. Yes, sir.

Mr. HALLEY. What does he have to do with gambling?

Mr. WEISS. I don't know. I don't bother with them people.

Mr. HALLEY. Well, you told Kenny, did you not, that Hoffas was now a big man.

Mr. WEISS. A big man, sure, he is deputy commissioner. I never said he had anything to do with gambling.

Mr. HALLEY. Could the gambling go on if he was doing his job?

Mr. WEISS. I don't know. I am not in a position to know those things.

Mr. HALLEY. What do you know about Jim Leary?

Mr. WEISS. Nothing.

Mr. HALLEY. Did you ever work for him?

Mr. WEISS. No, sir.

Mr. HALLEY. No capacity whatsoever?

Mr. WEISS. No, sir.

Mr. HALLEY. Did you ever take any money to him?

Mr. WEISS. No, sir.

Mr. HALLEY. Did you ever see anybody else take any money to him?

Mr. WEISS. No, sir.

Mr. HALLEY. Do you know anything about the way in which money was taken to various politicians and officials?

Mr. WEISS. No, sir.

Mr. HALLEY. From the gambling clubs?

Mr. WEISS. No, sir.

Mr. HALLEY. Do you know Chief Patty Rox?

Mr. WEISS. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. WEISS. Since I moved to Saratoga Springs.

Mr. HALLEY. Have you had any transactions with him whatsoever?

Mr. WEISS. No, sir.

Mr. HALLEY. What does he have to do with the gambling in Saratoga?

Mr. WEISS. I don't know anything about it.

Mr. HALLEY. Well, you told Kenny that if you had to, you would testify against Rox.

Mr. WEISS. I said that?

Mr. HALLEY. Yes.

Mr. WEISS. I did not.

Mr. HALLEY. You are definitely stating that you did not say that?

Mr. WEISS. I did not say anything like that.

Mr. HALLEY. Do you know whether Rox has received any graft from any of the gamblers?

Mr. WEISS. No, I don't.

Mr. HALLEY. Do you know whether Rox knows any of the gamblers?

Mr. WEISS. I don't know.

Mr. HALLEY. Of course, when you were in the gambling business you did know Rox, isn't that right?

Mr. WEISS. Well, I live in town and I know everybody in town.

Mr. HALLEY. It is just a small town, isn't it?

Mr. WEISS. It is a very small town.

Mr. HALLEY. Did you at that time have any other business except working in the gambling houses?

Mr. WEISS. I may have had a horse room of my own.

Mr. HALLEY. Right in Saratoga?

Mr. WEISS. Yes.

Mr. HALLEY. Well, how did you operate?

Mr. WEISS. I just opened up and operated.

Mr. HALLEY. Where was your horse room?

Mr. WEISS. On Phile Street, where the restaurant is now.

Mr. HALLEY. Anybody could walk in?

Mr. WEISS. Yes.

Mr. HALLEY. Did you have wire service?

Mr. WEISS. Yes.

Mr. HALLEY. Where did you get it?

Mr. WEISS. I sneaked it from the horse rooms.

Mr. HALLEY. From other horse rooms?

Mr. WEISS. Yes.

Mr. HALLEY. You mean that somebody would phone you?

Mr. WEISS. No.

Mr. HALLEY. Then how would you get it?

Mr. WEISS. Some fellow hooked us on to the wires.

Senator TOBEY. Who did the putting on of it?

Mr. WEISS. I don't know; the fellow is an electrician, and he said if I gave him \$75 that he could hook me up to the horse room.

Mr. HALLEY. Did he do it?

Mr. WEISS. Yes, sir.

Mr. HALLEY. How long did you operate?

Mr. WEISS. Oh, 2 or 3 years, approximately. I am not saying definite, that is just approximate.

Mr. HALLEY. What kind of front did you have for your operation?

Mr. WEISS. A little candy store.

Mr. HALLEY. Tell me, did anybody in 2 or 3 years—didn't anybody find out that you were getting this information in that length of time?

Mr. WEISS. No; they looked. They sent out people, and they tried to check, but they could never catch it.

Mr. HALLEY. They did not find out where you were getting it?

Mr. WEISS. No. The other horse rooms tried to find out where we were getting the information from, but they could not trace it.

Mr. HALLEY. Well now, why don't you try to help this committee cold turkey, let's have it cold turkey. Could you operate that horse room without paying somebody off?

Mr. WEISS. I did.

Mr. HALLEY. You did not even pay off the police?

Mr. WEISS. No police or nobody.

Mr. HALLEY. Or no politicians?

Mr. WEISS. No politicians.

Mr. HALLEY. Did you make any contributions to any political party?

Mr. WEISS. No, sir; nothing at all.

Mr. HALLEY. Why did they let you operate that way, then?

Mr. WEISS. I don't know.

Mr. HALLEY. Did anybody every try to collect from you?

Mr. WEISS. No, sir.

Mr. HALLEY. Were you ever arrested at all?

Mr. WEISS. No, sir—No; they come and broke up the place once.

Mr. HALLEY. Who did that?

Mr. WEISS. The police officers.

Mr. HALLEY. And did you set it up again?

Mr. WEISS. Well, I tried to, but I could not. You could not do it, once they break you up, you cannot operate any more.

Mr. HALLEY. Why not?

Mr. WEISS. Because you are an outcast, probably.

Mr. HALLEY. Why did they break you up?

Mr. WEISS. I don't know.

Mr. HALLEY. Was it because you were not paying off?

Mr. WEISS. I cannot answer that; I don't know what was in their minds.

Mr. HALLEY. When did they break you up?

Mr. WEISS. Oh, 3 or 4 years ago; I don't know.

Mr. HALLEY. Did you ever tell Kenny that the police motorcycles and cars are used to transport money for the gambling mobs in Saratoga?

Mr. WEISS. I don't believe I did.

Mr. HALLEY. He says that you mentioned that the police motorcycle cars with machine guns even used to bring the mobs' dough to the banks, to deposit, in Saratoga.

Mr. WEISS. I don't know.

Mr. HALLEY. Did you say anything like that to Kenny?

Mr. WEISS. Not that I remember?

Mr. HALLEY. Well, is it a fact?

Mr. WEISS. I don't know. I never seen it.

Mr. HALLEY. You never say anything like that?

Mr. WEISS. No, sir.

Mr. HALLEY. How was the money collected at the gambling houses?

Mr. WEISS. I don't know those things.

Mr. HALLEY. At least once you went to the bank at Mechanicsville and got into a ruckus and were arrested for assault. You ought to know how the money was collected.

Mr. WEISS. In Mechanicsville the money was put in a bag, and then they took it to the bank and deposited it.

Mr. HALLEY. Who took it?

Mr. WEISS. They had boys working there.

Mr. HALLEY. What was the name of the place in Mechanicsville?

Mr. WEISS. I don't think it had a name. It was just on Park Place.

Mr. HALLEY. Who ran it?

Mr. WEISS. Vic Urquhart, and Freddie Di Casper.

Mr. HALLEY. And they were your employers?

Mr. WEISS. Vic was, but not Freddie.

Mr. HALLEY. What was your capacity there?

Mr. WEISS. Well, sort of a companion for Urquhart.

Mr. HALLEY. Is there anything else you would like to tell the committee at this time?

Mr. WEISS. I don't know anything.

Mr. HALLEY. How long did you work at Smith's?

Mr. WEISS. Oh, just August, they only opened up for August.

Mr. HALLEY. How many years?

Mr. WEISS. Oh, maybe four or five, I don't know.

Mr. HALLEY. What years?

Mr. WEISS. I don't know, 3, 4, 5 years, 1945, 1946, 1947, and 1948, or 1946, 1947, 1948—3 years, about 3 or 4 years, approximately, I worked there.

Mr. HALLEY. That is over near the lake, isn't it?

Mr. WEISS. That is right.

Mr. HALLEY. And it is a large rambling place?

Mr. WEISS. It is big.

Mr. HALLEY. And there is a dance hall connected with it?

Mr. WEISS. No dance hall.

Mr. HALLEY. And a restaurant, a big bar?

Mr. WEISS. No; they have no bar. It is just a little larger than this table [indicating], they have just coffee and sandwiches, but no bar. It is a big barn, it is a big shack.

Mr. HALLEY. And they have in it various——

Mr. WEISS. Various gambling devices.

Mr. HALLEY (continuing). Various gambling devices, such as roulette wheels and crap tables?

Mr. WEISS. That is right.

Mr. HALLEY. And that is where they have the big New York crap game?

Mr. WEISS. Yes; I would say so.

Mr. HALLEY. Who runs that crap game? Is that run by the management, or is that a concession?

Mr. WEISS. No; some outsiders run that.

Mr. HALLEY. Who are they?

Mr. WEISS. I don't know.

Mr. HALLEY. Is it anyone named Lefty Clark, who ran it?

Mr. WEISS. Oh, he ran it years and years ago. I would say quite many years ago.

Mr. HALLEY. Did he run it while you were there?

Mr. WEISS. One year.

Mr. HALLEY. He ran it 1 year while you were there?

Mr. WEISS. Yes.

Mr. HALLEY. Who ran it after Clark?

Mr. WEISS. Patty Grennon.

Mr. HALLEY. Who?

Mr. WEISS. Patty Grennon.

Mr. HALLEY. Grenno?

Mr. WEISS. No; Grennon, G-r-e-n-n-o-n.

Mr. HALLEY. How long did Grennon run it?

Mr. WEISS. I only know of 1 year that I was there.

Mr. HALLEY. Who ran it after Grennon?

Mr. WEISS. I don't know.

Mr. HALLEY. Well, you were there at least 3 years.

Mr. WEISS. But I worked for Grennon 1 year, and 1 year for Lefty Clark, and the third year I don't know who ran the place. The floormen used to come around and give us our pay envelopes.

Mr. HALLEY. I have no other questions.

The CHAIRMAN. Senator Tobey.

Senator TOBEY. You testified rather feelingly about our examining you and about not answering certain questions. You said that we would ruin you. You talked about your wife and your four children, and that you just started in an honest business, but on your own recital as to what goes on in Saratoga, you have been part and parcel of it all, and you have seen what goes on there, and you know that the things are illegal, and unholy, and the committee is trying to establish the facts. The only way we can do that is to get the facts, and then you remonstrate with us for doing that.

I don't know what your mental attitude is. You seem to have one of fear about your own business, but if you had one of hatred for the crowd that runs things there, I would like to know about that.

Mr. WEISS. Senator, I am just a small man, a small man that could be removed very easily.

Senator TOBEY. Well, the point I make is that you know all these things. You have come through, have you, and told us all that you know?

Mr. WEISS. Nobody can help me, Senator.

Senator TOBEY. We can.

Mr. WEISS. No law enforcement agency can help me, I do not care who it is. There is none who can help me, sir.

Senator TOBEY. The point I am making is this: Have you come through and told us everything that you know; have you concealed anything?

Mr. WEISS. I would have to pack up and move out of Saratoga if I told you anything like that.

Senator TOBEY. Well, that would not be the worst thing in the world: would it?

Mr. WEISS. No, but I have got every penny in the world, I have borrowed everything, and if I have to move out I am a ruined man. I have no place to go for my family and children.

Senator TOBEY. Well, every day is a fresh beginning for all of us.

Mr. WEISS. Not for me, it ain't.

Senator TOBEY. Have you told us everything you could tell us?

Mr. WEISS. Yes, I have.

Senator TOBEY. Have you come through clean to us; have you shown us all the crookedness there is?

Mr. WEISS. To my knowledge, I have.

Senator TOBEY. Everything?

Mr. WEISS. Yes.

Senator TOBEY. All right.

Mr. HALLEY. You know Urquhart, of course?

Mr. WEISS. Yes, sir; I worked for him.

Mr. HALLEY. In what place?

Mr. WEISS. Oh, every place he has operated.

Mr. HALLEY. What places are those?

Mr. WEISS. His own place, White's, Mechanicsville.

Mr. HALLEY. Does Urquhart work for Doc Leonard?

Mr. WEISS. Pardon me, sir?

Mr. HALLEY. Does Urquhart work for Doc Leonard?

Mr. WEISS. I don't know.

Mr. HALLEY. Well, you are smiling. Does he work with him?

Mr. WEISS. You know more than I do, and you are asking me questions.

Mr. HALLEY. What do you mean I know more than you do? Is it common knowledge that Urquhart works for Leonard?

Mr. WEISS. I don't know. I know I worked for him.

Mr. HALLEY. Did you ever see Urquhart with Leonard?

Mr. WEISS. No. I would just ride to Mechanicsville and back, and if I went to the horse rooms I was inside.

The CHAIRMAN. What you mean is that Urquhart fronts for Doc Leonard; is that it?

Mr. HALLEY. That is the question.

Mr. WEISS. He does not.

Mr. HALLEY. Did he work for Leonard?

Mr. WEISS. No.

Mr. HALLEY. Does he work with him? Are they partners?

Mr. WEISS. No, sir.

Mr. HALLEY. Is Patty Grennon a front for Leonard?

Mr. WEISS. That I don't know. I know both of them very slightly.

Mr. HALLEY. Is Hoffas a front for Leonard?

Mr. WEISS. Well, I would say the same thing on that. Hoffas and Patty Grennon were partners, and who they fronted for, I don't know.

Mr. HALLEY. Is it common knowledge that they are fronts for Leonard?

Mr. WEISS. I don't know.

Mr. HALLEY. Have you ever heard of it?

Mr. WEISS. There are a lot of rumors go around. I wouldn't make a statement one way or the other about that.

Mr. HALLEY. Did you ever hear that particular rumor?

Mr. WEISS. There is lots of rumors floating around, but I can't make a statement to that effect.

Mr. HALLEY. Would you be able to go as far as to say that that is one of the rumors you have heard?

Mr. WEISS. I would not say. I do not know. What I do not know, I cannot say.

Mr. HALLEY. Fine.

The CHAIRMAN. Who is the mayor?

Mr. WEISS. Mayor Mallory.

The CHAIRMAN. Has he been there a long time?

Mr. WEISS. Quite a long time.

The CHAIRMAN. And the commissioner of public safety is Doc Leonard; that is the fellow we are talking about?

Mr. WEISS. Yes, sir.

Mr. HALLEY. That is all, Mr. Chairman.

The CHAIRMAN. Thank you.

Mr. WEISS. Now, my wife was not subpoenaed, you know, and she wanted to come down voluntarily, and she told me to tell you people that if you do want her, when I get back, and you still want her, I can tell her, and she will come in tomorrow. She did not have anybody to leave the four children with. If you want her, and you think you want to question her, she is perfectly willing to be here.

The CHAIRMAN. What do you have to say to that, Mr. Halley?

Mr. HALLEY. Yes, I think we would like to talk to her.

The CHAIRMAN. Will you have her come down tomorrow afternoon, and tell her to report, and let us know she is here.

Mr. WEISS. Yes. This way I can stay with the children and let her come down.

Mr. HALLEY. Tell her to get here about 2 o'clock.

Mr. WEISS. Thank you.

(Witness excused.)

The CHAIRMAN. Who is your next witness, Mr. Halley?

Mr. HALLEY. Julius Goldstein.

The CHAIRMAN. Good morning, sir. Counsel, will you give your name to the official stenographer, please?

Mr. CARROLL. James Carroll, attorney at law.

The CHAIRMAN. What is your address?

Mr. CARROLL. Saratoga. James Carroll, of Saratoga Springs.

The CHAIRMAN. How many lawyers do you have up there, sir?

Mr. CARROLL. Oh, about 76 or 77—too many.

The CHAIRMAN. All right. Let's get on with Mr. Julius Goldstein, of Saratoga Springs; is that correct?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. Will you raise your right hand and be sworn, please?

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. GOLDSTEIN. I do.

**TESTIMONY OF JULIUS GOLDSTEIN, SARATOGA SPRINGS, N. Y.,
ACCOMPANIED BY JAMES CARROLL, ATTORNEY, SARATOGA
SPRINGS, N. Y.**

Mr. HALLEY. What is your full name, please?

Mr. GOLDSTEIN. Julius Goldstein.

Mr. HALLEY. What is your occupation?

Mr. GOLDSTEIN. I am a contractor for a plating outfit now in Schenectady, N. Y.—the Schenectady Plating Works—and I also am in the vacuum-cleaning business.

Mr. HALLEY. Did you ever work for any gambling house in Saratoga?

Mr. GOLDSTEIN. I decline to answer on the grounds that it might incriminate me.

The CHAIRMAN. Well, now, Mr. Goldstein, we will direct you to answer that question. Your working for a gambling house would not be in violation of a Federal law, or any Federal law that I know of.

Mr. GOLDSTEIN. I still decline to answer.

Mr. CARROLL. Tell them you still refuse.

Mr. GOLDSTEIN. I still refuse to answer.

The CHAIRMAN. You refuse to follow the direction of the committee?

Mr. CARROLL. That is correct.

Mr. GOLDSTEIN. Yes, sir.

Mr. HALLEY. Well, do you know Dr. Ferrone?

Mr. GOLDSTEIN. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. GOLDSTEIN. Oh, I would say about 10 years.

Mr. HALLEY. Did you ever work for him?

Mr. GOLDSTEIN. I refuse to answer the question.

Mr. HALLEY. Well, you told an investigator for this committee that you worked for Dr. Ferrone. Did you work for Dr. Ferrone in 1949?

Mr. GOLDSTEIN. I decline to answer.

Mr. HALLEY. In fact, you said you worked for him at Riley's; is that so?

Mr. GOLDSTEIN. I decline to answer.

Mr. HALLEY. And you said that your particular occupation was steering people to the place; is that not so?

Mr. GOLDSTEIN. I decline to answer.

Mr. HALLEY. But you would not deny that you told that to the investigator?

The CHAIRMAN. You understand, and your attorney, Mr. Carroll, that the Chair is directing you to answer these questions that are being asked of you?

Mr. CARROLL. We understand that. May it also be understood that the grounds for each declination is that it might tend to incriminate the witness.

The CHAIRMAN. Oh, we understand that is the ground, all right.

Mr. HALLEY. Now, did you ever tell Mr. Kenny that there was probably more ice tossed out in Saratoga than in any other gambling area of its size in the country?

Mr. GOLDSTEIN. I decline to answer.

Mr. HALLEY. I am just asking you whether you told that to Mr. Kenny. How can that incriminate you?

Mr. CARROLL. Just decline.

Mr. GOLDSTEIN. I decline to answer.

Mr. HALLEY. I am not asking you if you tossed out any ice.

Mr. GOLDSTEIN. I still decline.

Mr. HALLEY. What are you afraid of, Mr. Goldstein?

Mr. GOLDSTEIN. I ain't afraid of nothing.

Mr. HALLEY. Why are you coming down here with fear in your heart, when this committee is trying to do a decent job of work and clean up the conditions in Saratoga?

Mr. GOLDSTEIN. I have no fear in my heart.

Mr. HALLEY. Well, you certainly are not going to incriminate yourself by answering that question. Your refusal is just ridiculous.

Mr. GOLDSTEIN. I don't know whether it is or not, that is why I am declining.

Mr. HALLEY. Did you not tell Mr. Kenny that the gamblers up in Saratoga are too greedy, and they killed the town themselves?

Mr. GOLDSTEIN. I decline to answer that.

Mr. HALLEY. Did you not tell—

The CHAIRMAN. Just a moment, Mr. Halley.

For the purposes of the record, Mr. Kenny was an investigator for this committee at that time; is that correct, Mr. Halley?

Mr. HALLEY. Yes.

Now, did you not tell Mr. Kenny that besides the sheriff would send people out to the gambling place for them to hire, and that you had to put the sheriff's men to work in the place and pay all sorts of extra expenses?

Mr. GOLDSTEIN. I decline to answer, sir.

Mr. HALLEY. Didn't you even say that the politicians would send as many as five cabs which would have to be hired as house cabs?

Mr. GOLDSTEIN. I decline to answer.

Mr. HALLEY. I will ask the chairman to instruct this witness to answer the question.

The CHAIRMAN. He understands that he is directed to answer. Do you?

Mr. GOLDSTEIN. Yes.

Mr. HALLEY. I have no further questions of this witness.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No, I have no comment to make, only one of repulsion and aversion against a man who displays the attitude that this man does. I think there are ways of reaching him, and we will before we get through.

The CHAIRMAN. Mr. Goldstein, it is quite apparent that you have been talking with Mr. Kenny, an investigator for our committee. Now, what caused you to change your mind? You talked with him, why won't you testify here?

Mr. GOLDSTEIN. I decline to answer on the ground it might incriminate me.

The CHAIRMAN. You decline to answer that question?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. Has anybody been to see you, to threaten you?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. Has anyone talked with you about it since you talked with Mr. Kenny?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. Do you remember talking to Mr. Kenny?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. How come you felt it necessary to get an attorney, not apparently that you do not have a good attorney, but what made you feel you had to get an attorney in order to come down here?

Mr. GOLDSTEIN. Because I did not know what I was walking into. I did not know what it was all about, and not knowing much about the set-up, I thought it advisable to see my attorney.

The CHAIRMAN. Well, you don't want to tell us who you worked for?

Mr. GOLDSTEIN. No.

The CHAIRMAN. You decline to answer as to whom you worked for in Saratoga?

Mr. GOLDSTEIN. Yes.

The CHAIRMAN. How long have you lived in Saratoga?

Mr. GOLDSTEIN. Nine years—eight or nine years.

The CHAIRMAN. Where were you before that?

Mr. GOLDSTEIN. Albany.

The CHAIRMAN. What was your first job when you came to Saratoga?

Mr. GOLDSTEIN. Well, I did live in Albany and Saratoga, both. I lived with my sister in Saratoga.

The CHAIRMAN. What did you do when you came to Saratoga?

Mr. GOLDSTEIN. Well, I worked most of the time in Albany, and I was in a dry-cleaning business, and I had stores in Saratoga and Glens Falls and Watervliet and Troy.

The CHAIRMAN. Are you married?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. Have you ever been arrested?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. What for?

Mr. GOLDSTEIN. Well, I was arrested for working in a gambling house in Schroon Lake, N. Y.

The CHAIRMAN. Were you convicted?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. How many other times have you been arrested?

Mr. GOLDSTEIN. Once in Lake George—Bolton Landing.

The CHAIRMAN. Lake George, N. Y.?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. For the same offense?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. Did you ever get arrested for working in a gambling house at Saratoga?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. Did you ever work in a gambling house in Saratoga?

Mr. GOLDSTEIN. I decline to answer, sir.

Mr. CARROLL. Mr. Kefauver, so that there will not be any mistake, there were more convictions on his record. I don't want you to think that we are withholding anything.

The CHAIRMAN. What are the other convictions?

Mr. GOLDSTEIN. I was convicted at the Stewart Arms Restaurant and Bar, which is across the way from the McHenry Hotel, and I was convicted in a conspiracy case at the Sagamore Hotel. I was practically a victim of circumstances, but I still was convicted on it.

The CHAIRMAN. A conspiracy to do what—violate the prohibition law?

Mr. GOLDSTEIN. Well, the OPA officer was the one who was doing the violating of the OPA law, and I happened to be with him and happened to be on the spot.

The CHAIRMAN. What else have you been convicted of?

Mr. GOLDSTEIN. I was arrested at Revere Beach for being in a gambling house.

The CHAIRMAN. Riviera Beach?

Mr. GOLDSTEIN. No, Revere Beach.

The CHAIRMAN. Where is that?

Mr. GOLDSTEIN. Massachusetts.

Mr. HALLEY. That is in Massachusetts.

Senator TOBEY. Do you know Mr. Lombardi?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. Did you get convicted there?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. How many places, how many States have you worked in gambling houses?

Mr. GOLDSTEIN. I decline to answer that on the ground that it might incriminate me.

The CHAIRMAN. Well, Massachusetts is one, isn't it?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. And New York is another, isn't it?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. How about Florida?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. Any other States besides Massachusetts and New York?

Mr. GOLDSTEIN. I decline to answer, sir, on the grounds it may incriminate me.

Senator TOBEY. Have you every been in Nevada?

Mr. GOLDSTEIN. Sir?

Senator TOBEY. Have you ever been in Nevada?

Mr. GOLDSTEIN. I decline to answer—oh, Nevada?

Mr. CARROLL. That's all right to answer that, gambling is legal there.

Mr. GOLDSTEIN. Oh, Nevada; yes, sir.

Senator TOBEY. Were you in the gambling business there?

Mr. GOLDSTEIN. Sir?

Senator TOBEY. Were you in the gambling business there?

Mr. GOLDSTEIN. I worked there, sir.

Senator TOBEY. In the gambling business?

Mr. GOLDSTEIN. Yes, sir; about a month, I think, when I got out of the service I went to Nevada.

Senator TOBEY. How long has Mr. Carroll been your attorney?

Mr. GOLDSTEIN. Oh, we have been friends for a good many years, ever since I have been in Saratoga.

Senator TOBEY. The question I asked you was how long has he been your attorney.

Mr. GOLDSTEIN. Well, offhand, practically this is the first time I have had him appear with me. I have asked him on different occasions for advice in different things, but this is the first time he appeared in a case with me.

Senator TOBEY. And he advised you in connection with these things you were indicted for, did he?

Mr. GOLDSTEIN. No, sir.

The CHAIRMAN. All right, Mr. Goldstein. You remember that you are to remain under subpoena and that you are subject to further call of the committee, and the subcommittee will consider the record and then decide what recommendation to make in connection with your refusals to answer.

I am sorry that you have taken the attitude you have here. I do not see possibly how any Federal statute or offense would be connected with your answers, I do not see how they could incriminate you, but if that is the attitude you want to take, there is nothing we can do about it.

Senator TOBEY. Now, this may be entirely irrelevant, but I wish you would tell me how, as an American citizen first, and an attorney, second, you could keep from asking this man to tell us what he knows.

Mr. CARROLL. Well, I have my duty to him and I am advising him as best I can, in view of the things he told me.

Senator TOBEY. You must realize that this committee is making an honest effort to discourage these things and when we find them out, there is something you can do about it, and you are not helping when you tell him to refuse to answer.

Mr. CARROLL. Unfortunately, you find yourself in a position of having a witness who is not able to answer because of circumstances and conditions.

The CHAIRMAN. Well, let me ask you this—we are talking to you as his attorney: Do you think that there might be some sort of retaliation if the witness were to answer? Is that what you mean?

Mr. CARROLL. Not at all. I did not mean to infer that. It has to do with prosecution for a Federal offense because of testimony before you, or I should say, that aside from that, it could have to do with prosecution in a State offense and, of course, there is no way that this committee can grant him immunity from either the Federal or State, so under those circumstances I have advised him not to testify.

Mr. SHIVITZ. Confining ourselves solely to those places where you were employed at gambling, where you were convicted, about which you have testified—if my recollection serves me correctly, one place was in Schroom Lake, N. Y.

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. And in what other places?

Mr. GOLDSTEIN. Bolton Landing; that is the Sagamore Hotel.

Mr. SHIVITZ. And also at Lake George?

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. Those are three places in New York State.

Mr. GOLDSTEIN. Yes, sir, and at Revere Beach, Mass.

Mr. SHIVITZ. And Revere Beach, Mass.

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. Was that also for gambling?

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. And you also testified that you were employed in the gambling business in the State of Nevada.

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. So that we have four separate places where you worked in the gambling business, is that correct?

Mr. GOLDSTEIN. Do you mean four separate States?

Mr. SHIVITZ. No, four separate locations, Bolton Landing, Lake George, Schroom Lake, Revere Beach, and in Nevada.

Mr. GOLDSTEIN. Yes, sir.

Senator TOBEY. That makes five.

Mr. CARROLL. No, Senator, just a moment. Bolton Landing and Lake George are the same places.

Mr. SHIVITZ. Very well. Then there are four places?

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. Will you please tell the committee whether any of these four places where you were employed had the same employer in any other places of these four. Do you understand the question?

Mr. GOLDSTEIN. I don't, not clearly.

Mr. SHIVITZ. Well, you had superiors in all of these four places, people who gave you your instructions or your orders.

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. Did you have the same superiors giving you instructions in more than one place?

Mr. GOLDSTEIN. No, sir.

Mr. SHIVITZ. They were different superiors in each of these four places?

Mr. GOLDSTEIN. Yes, sir.

Mr. SHIVITZ. There was no common ownership so far as you can testify to?

Mr. GOLDSTEIN. No, sir; positively not.

Mr. SHIVITZ. You are positive of that?

Mr. GOLDSTEIN. I am positive.

Senator TOBEY. Mr. Witness, you spoke of Lake George. Now, it has been my privilege to be there in years past, and I consider that the scenery around there is about as beautiful as God could make or as anything in the world, don't you?

Mr. GOLDSTEIN. Yes, sir.

Senator TOBEY. Don't you think it is too bad that man violates it and makes it a den of iniquity?

Mr. GOLDSTEIN. Well, I could not answer that. Besides I don't think it is a den of iniquity.

Senator TOBEY. Well, there are some dens of iniquity there, aren't there?

Mr. GOLDSTEIN. I cannot say that there is, sir.

The CHAIRMAN. All right, Mr. Goldstein.

Mr. GOLDSTEIN. Thank you.

Mr. HALLEY. You understand that you are to continue under subpoena, that you are not excused finally?

Mr. GOLDSTEIN. Yes, sir.

The CHAIRMAN. You do not need to remain here today, but when we want you again we feel all we need do is to let you or your attorney know.

Mr. CARROLL. That will be perfectly all right, sir. Thank you.

(Witness excused.)

The CHAIRMAN. Who will your next witness be, Mr. Halley?

Mr. HALLEY. It will be Mr. A'Hearn.

The CHAIRMAN. All right, let us have him in here.

You are Mr. A'Hearn?

Mr. A'HEARN. Yes, sir.

The CHAIRMAN. Good afternoon. Will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. A'HEARN. I do.

The CHAIRMAN. All right, you may proceed, Mr. Halley.

TESTIMONY OF WALTER F. A'HEARN, DETECTIVE, POLICE DEPARTMENT, SARATOGA SPRINGS, N. Y.

Mr. HALLEY. What is your full name, please?

Mr. A'HEARN. Walter F. A'Hearn.

Mr. HALLEY. What is your position?

Mr. A'HEARN. Detective.

Mr. HALLEY. With what police department?

Mr. A'HEARN. Saratoga Springs, N. Y.

Mr. HALLEY. How long have you held that position?

Mr. A'HEARN. About 10 years.

Mr. HALLEY. Are you the second ranking man on the Saratoga Police Department?

Mr. A'HEARN. No, sir; I am not.

Mr. HALLEY. Who rates above you?

Mr. A'HEARN. Well, there is a Detective West. He has been in the detective division longer than I have.

Mr. HALLEY. You are not chief of detectives?

Mr. A'HEARN. No, we have no such title.

Mr. HALLEY. How many detectives are there?

Mr. A'HEARN. Two.

Mr. HALLEY. You and West?

Mr. A'HEARN. That is all. I take care of the fingerprinting and files, and I do a lot of interrogation, and so on and so forth.

Mr. HALLEY. In what position?

Mr. A'HEARN. As detective. When I went to the FBI in 1944 our files were kept haphazardly. The files were not kept up to date.

When I came back there I organized the fingerprint files and I took the files and brought them up to date, and ever since then I have been doing that.

Mr. HALLEY. You graduated from the National Police Academy, did you?

Mr. A'HEARN. Yes, I did, in 1944.

Mr. HALLEY. Do you keep any general files of the hoodlums who come to Saratoga?

Mr. A'HEARN. Yes, we do. We have different ones, people that come there, I know a lot of them by sight, but I don't know their names.

During August lots of times I will go on an expedition, going down Broadway, and hanging around, going in where they hang out in different grills, and I spend an hour or so there seeing what I can pick up, and so on and so forth.

Mr. HALLEY. Do you have any regular set of files?

Mr. A'HEARN. No; we don't have what we call monitor files; no.

Mr. HALLEY. What is the situation with respect to gambling in Saratoga?

Mr. A'HEARN. Well, there have been times where reports that gambling has been going on there has come to our attention.

Senator TOBEY. That is quite an understatement, isn't it?

Mr. A'HEARN. But so far as I know, I have never seen it actually take place.

Mr. HALLEY. Well, did you ever hear of Piping Rock?

Mr. A'HEARN. Yes.

Mr. HALLEY. Were you ever in it?

Mr. A'HEARN. I have been in it at times; yes.

Mr. HALLEY. During the racing season?

Mr. A'HEARN. I have been in as far as the lobby during the racing season.

Mr. HALLEY. Why didn't you go into the place?

Mr. A'HEARN. Well, I never had no occasion to go in.

Mr. HALLEY. Had you never heard there was wide-open gambling going on there?

Mr. A'HEARN. Yes; I have heard it.

Mr. HALLEY. Why didn't you walk in and find out?

Mr. A'HEARN. Well, I never had no orders to.

Mr. HALLEY. Well, wouldn't you do it without orders, as a detective?

Mr. A'HEARN. Well, I still wanted to work.

Senator TOBEY. You are a detective, aren't you?

Mr. A'HEARN. Yes.

Senator TOBEY. And the job of a detective is to detect, is it not?

The CHAIRMAN. Well, he said he still wanted to work.

Mr. HALLEY. What do you mean by that?

Mr. A'HEARN. I follow orders. If I receive an order from my superior I try to follow it out.

Mr. HALLEY. Are you implying that if you went in and caused trouble without orders that you would probably be fired?

Mr. A'HEARN. I don't know whether I would or not, but I imply that.

Mr. HALLEY. You what?

Mr. A'HEARN. I don't know whether I would or not, but I would assume that.

Mr. HALLEY. You would assume that?

Mr. A'HEARN. Yes.

Mr. HALLEY. In fact, I think you told our investigator who interviewed you that the less you knew about it the better off you would be, is that right?

Mr. A'HEARN. That is true, in this respect, what has taken place in Saratoga I never wanted to know certain things, I never tried to find out certain things, for the simple reason that if you don't know anything you can say truthfully and honestly that you don't know. I have always tried to go along and mind my own business.

Senator TOBEY. Have you ever seen those three monkeys, See No Evil, Hear No Evil, and Speak No Evil?

Mr. A'HEARN. I have; yes, sir.

Senator TOBEY. And you have certainly followed their example, haven't you?

Mr. A'HEARN. To a certain extent. My father told me that a long, long time ago, sir.

Mr. HALLEY. How did you get your job on the Saratoga police force?

Mr. A'HEARN. I first went on in 1919, after I was discharged from the war. I had seven spots on my lungs, and the doctor told me to stay out in the air.

Mr. HALLEY. Were you a native of Saratoga?

Mr. A'HEARN. I am.

Senator TOBEY. And that is why he doesn't go into gambling houses, he just wants to keep out in the air, he doesn't want to get spots on his lungs.

Mr. A'HEARN. No. I am a machinist by trade, and the doctor advised me to stay out in the air. I went on what we call the summer force for 2 or 3 months, and I went out on that force, oh, several years, just in the summertime.

Then in 1933 I was appointed regularly as a patrolman, and I was a motorcycle officer and patrolman.

In 1940 I was appointed as detective.

Mr. HALLEY. As an old-timer in town and a native of Saratoga, you are all right and pretty safe in your job so long as you don't cross anybody, isn't that what it comes down to?

Mr. A'HEARN. I have seen it up there on different political factions, when they would go in and out under different administrations, if you weren't of the same political faith, and so on and so forth, they would give you a very hard time.

Mr. HALLEY. But you stuck it out through the whole 30 years?

Mr. A'HEARN. No; I have not.

Mr. HALLEY. You have been out of office, too?

Mr. A'HEARN. Well, I was out before I was appointed under Sweeny's administration.

Mr. HALLEY. What year was that?

Mr. A'HEARN. I think that was in 1928, somewhere around there.

Mr. HALLEY. Who reappointed you?

Mr. A'HEARN. I was just working summers, I mean, I was not a regular man, I would work probably 8 or 9 months of the year.

Mr. HALLEY. When did you get your job again as a regular man?

Mr. A'HEARN. That was in 1932, I took the civil service examinations and I claimed disability preference.

Mr. HALLEY. Since then you have been a regular employee?

Mr. A'HEARN. I have, yes.

Mr. HALLEY. Now, what is your general information about what has to be done in order to operate a gambling place in Saratoga?

Mr. A'HEARN. Well, if I was going to operate one, as I told Mr. Rousseau, I think his name was, in order to get the real lowdown, I would go to somebody who was operating one and see the right connections.

Mr. HALLEY. Who are the right connections, so far as common gossip is concerned, in Saratoga?

Mr. A'HEARN. Well, your political leaders, I would say.

Mr. HALLEY. Who are they?

Mr. A'HEARN. Mr. Leary and Mr. Leonard.

Mr. HALLEY. Jim Leary and Doc Leonard?

Mr. A'HEARN. Yes, those are the political leaders.

Mr. HALLEY. I think you told Mr. Rousseau and apparently you are being completely frank about it, that while you have no proof of it, the common gossip is that if you want to open up a gambling place you have to clear with Leary and Leonard, is that right?

Mr. A'HEARN. I did not say that. He asked me who would I go to and how would I find out, and I said that if I was a gambler and wanted to open up a place, I said I would go to some of the gambling fraternity and get the lowdown on who to see and what to see, and what to do in order to get the proper connection.

Mr. HALLEY. I think you went further and said that permission to gamble had to be received from Leary and Leonard, or at least that was the common gossip.

Mr. A'HEARN. No; I don't believe I did say that.

Mr. HALLEY. Well, then, how would you put it now to the committee?

Mr. A'HEARN. I said, well, it is common gossip, public opinion, and so on and so forth, that they are the bosses.

Mr. HALLEY. And then it stands to reason in your opinion that to operate you would have to get permission from the bosses.

Mr. A'HEARN. I would say that, from public opinion; yes.

Mr. HALLEY. At least you have to get clearance from the bosses.

Mr. A'HEARN. That is right; that is the truth.

Mr. HALLEY. Now, when you started testifying today, I think you said that one reason you did not go into these gambling places and try to raid them was because you wanted to keep your job.

Mr. A'HEARN. If I went against orders, what I mean, if any time they ever give me any orders I always followed them out, and I never went contrary to them and over my superiors' heads.

Mr. HALLEY. And if you did raid any gambling places you would expect to be fired; is that right?

Mr. A'HEARN. I would expect that something would be done to me, to a certain extent.

Mr. HALLEY. Now, have you had orders not to raid any gambling places?

Mr. A'HEARN. No, sir.

Mr. HALLEY. Have you had orders just to keep your nose out of them?

Mr. A'HEARN. I never had orders to keep my nose out of them or anything like that.

Senator TOBEY. I think the witness has the ordinary powers of observation and he just absorbed that and used tact and diplomacy.

The CHAIRMAN. That puts it about right; doesn't it?

Mr. A'HEARN. That is right.

The CHAIRMAN. Senator Tobey puts it about right, you just sensed that the best thing to do was to not find out about these places.

Mr. A'HEARN. Well, since I have been on the police department I have seen two other investigations up there in my time. What I mean is, I was not on the department in my official capacity, but I have seen investigations going on, and I have seen other ones involved in it, so I have always said to myself, "The less you know, the better you are off."

Senator TOBEY. Now you are helping us. I think you ought to write a book on how to be a detective, and it would be a best seller. Just a few of those bon mots of expression are wonderful because you are telling us a very profound truth, and you would help your fellow-man by selling your rights to a magazine and dictating the story to a ghost writer. You are a public benefactor in taking the position you are, in keeping others from going on the job crusading against these men. You have really got this thing down to a fine art and it is very evident from your testimony. I congratulate you on your perspicacity.

The CHAIRMAN. When you are talking about these other investigations, you mean those men got fired; is that what you meant?

Mr. A'HEARN. No; it is just this, that years ago I was just a rookie policeman, and they were all brought into court, the county court, and I don't know what happened, I was not down there myself. Then there have been other raids in Saratoga. So I just said, "Well, if I am not inquisitive"—what I mean is that I was not going to inquire into my bosses' affairs, or this one's affairs, and so on and so forth, that I would just mind my own business more or less.

Senator TOBEY. And you graduated from the FBI?

Mr. A'HEARN. Yes; I did.

Senator TOBEY. Did they give you a magna cum laude degree?

Mr. A'HEARN. I don't know what degree I got.

Senator TOBEY. At any rate, you passed the test?

Mr. A'HEARN. Yes, sir.

Senator TOBEY. Did you write out these tests?

Mr. A'HEARN. No, sir.

Senator TOBEY. Did you take an examination?

Mr. A'HEARN. No.

Senator TOBEY. How did they pass you, on your record as a detective?

Mr. A'HEARN. You all graduate into a certain group.

Senator TOBEY. But the individual cases were not considered?

Mr. A'HEARN. No.

Senator TOBEY. Well, if they had been, I think that you would have been in the first 10.

Mr. A'HEARN. I doubt it, Senator.

Senator TOBEY. I think so, from what you have stated here.

Mr. HALLEY. Isn't it a fact that the police department in Saratoga went so far as to furnish police protection to the gambling houses for the transportation of their receipts to the bank?

Mr. A'HEARN. Yes; in one sense of the word, they did.

Mr. HALLEY. Will you elaborate on that, what happened?

Mr. A'HEARN. Well, after the war we transported or guarded money to the raceway, and we did that every night.

I suppose that they saw us do that, and they asked us if we would take their money out to the night clubs.

Mr. HALLEY. Who asked you?

Mr. A'HEARN. Well, Mr. Burns first was the one who asked me.

Mr. HALLEY. What is his place?

Mr. A'HEARN. He was at Piping Rock, and he asked if we would escort the money out. I said yes. I thought it was just for that first night, so we escorted the money out to Piping Rock.

Mr. HALLEY. Who escorted it, you and who else?

Mr. A'HEARN. Me and my partner, Don Petes.

Mr. HALLEY. Were you paid for that work?

Mr. A'HEARN. No; let me just finish, will you?

Mr. HALLEY. Go right ahead.

Mr. A'HEARN. Later on I was.

Mr. HALLEY. Go right ahead.

Mr. A'HEARN. We brought the money out and dropped it off. Then he asked us, he said, "Will you fellows be back tonight and bring us in?" I said, "If you care to, yes"; I said, "we can do it."

And I told him, I said, "Well, when you need us," I said, "telephone police headquarters, and they will get us over the air by the radio," and I said, "we can come back and pick it up and bring it into the bank."

And he said, "O. K." Which we did do. Then he said, "How about tomorrow night?" I said, "That is all right with me."

So it went on, and we did it every night.

So the middle of the following week he says, "Well, what do I owe you fellows?" I says, "Well," I says, "you don't owe us anything. Anything you care to give," I said, "is perfectly all right with us."

So he give us the equivalent of \$10 a night between my partner and myself.

Senator TOBEY. Who was this who gave it to you?

Mr. A'HEARN. John McEwen.

Senator TOBEY. What is his place?

Mr. A'HEARN. He is connected with Piping Rock.

Senator TOBEY. Piping Rock?

Mr. A'HEARN. Yes.

Senator TOBEY. He gave you the \$10 because of your zeal in your work there?

Mr. A'HEARN. For bringing the money out, picking it up and bringing it back.

Senator TOBEY. Then you, in a way, helped Piping Rock by your skillful handling in picking up the money and bringing it out?

Mr. A'HEARN. It was not that too much. They were afraid of stick-ups more than anything else, because you have everybody in Saratoga during the summertime; we have an increase in population of between thirty and forty thousand people, and we have just as many hoodlums in Saratoga as they have in Miami, during August.

The CHAIRMAN. Was that \$10 apiece, or 10 what?

Mr. A'HEARN. \$10 apiece.

Senator TOBEY. What did you do with the money?

Mr. A'HEARN. I put it in the bank.

Senator TOBEY. Didn't you give that to charity?

Mr. A'HEARN. No, sir; I did not.

Senator TOBEY. Well, I certainly am surprised.

The CHAIRMAN. Where would you take their money to? Was that taken to the bank?

Mr. A'HEARN. Yes; they have a night depository vault inside of the bank; you drop it in.

The CHAIRMAN. Did you escort an armored car?

Mr. A'HEARN. No; they used to have armored cars.

The CHAIRMAN. They would give you the money?

Mr. A'HEARN. No; we wouldn't handle the money. They would send one of their own men with it, and we would bring them in as far as the bank, and when he would go over to the night depository, he would drop it into the night depository.

The CHAIRMAN. He would ride in your car with it?

Mr. A'HEARN. Yes.

The CHAIRMAN. Would they pay you by the week or day?

Mr. A'HEARN. Well, about \$10 a day.

The CHAIRMAN. Did you speak to your police commissioner, or whatever his name is, Dr. Leonard, about doing that special service?

Mr. A'HEARN. Well, the first summer we did it, I didn't say anything to him at all about it. I didn't say anything to the chief. I don't know; I just went along and did it, that was all, figuring, well, we would do it to the raceway, and I thought it was perfectly all right.

So the following summer, it was in the middle of the summer that the chief asked me about it. He said, "Are you fellows escorting the proceeds out to the night clubs?" I said, "Well, I am at the Brook—I mean at Piping Rock," and he said, "Why didn't you tell me about it?" I said, "Well, I don't know, I just forgot about it. I did not think it was too important," I said, "so long as we do it to the raceway and other places."

I mean, we took it to the bank, we worked for the banks and the theaters and the churches, and we used to do it for the race track, escort it back and forth.

He said, "Well," he says, "I will let you know about it." So he never said anything more to me about it. Whether he forgot about it or whatever happened, I never asked him about it.

The CHAIRMAN. He knew that you were assisting and protecting them, but did he know that they were paying you that niggardly sum of \$10 per night?

Mr. A'HEARN. No.

The CHAIRMAN. He did not know that?

Mr. A'HEARN. He did not know that.

The CHAIRMAN. Didn't you complain about that being so small, only \$10?

Mr. A'HEARN. No; I was sort of pleased with it.

Senator TOBEY. Is that so? Just \$10 a night for protecting all that swag?

Mr. A'HEARN. Well, \$70 a week is O. K. with me.

Senator TOBEY. I see.

The CHAIRMAN. Anything else, Mr. Halley?

Mr. HALLEY. Yes.

Now, you spoke to Dr. Leonard about this, is that right?

Mr. A'HEARN. No, sir; I did not.

Mr. HALLEY. As well as the chief?

Mr. A'HEARN. No, sir.

Mr. HALLEY. I thought you told our investigator, Mr. Rousseau that the chief and Dr. Leonard asked you about the practice of taking that money.

Mr. A'HEARN. No; I think Mr. Rousseau is mistaken. I said that the chief questioned me about it.

Mr. HALLEY. You mean Chief Rox?

Mr. A'HEARN. Yes, Chief Rox. I told the chief, "Yes," and he said, "Well," he said, "I will let you know about it." And he never brought the subject up to me again, and I did not ask him about it. It must have slipped his mind, or if he went to the commissioner and asked the commissioner about it, I don't know to this day if he did or not, and so long as he did not say anything about it, I presumed that it was perfectly all right, and we continued to do it.

Mr. HALLEY. You don't know who the chief spoke to, do you?

Mr. A'HEARN. I do not.

Mr. HALLEY. But you assume he spoke to some superior?

Mr. A'HEARN. I presume he brought it up to the commissioner.

Mr. HALLEY. Do you know Johnny "Okey" Oakley?

Mr. A'HEARN. Oakley?

Mr. HALLEY. Yes.

Mr. A'HEARN. No, do you mean Coakley?

Mr. HALLEY. Coakley, Johnny Coakley. You know him, don't you?

Mr. A'HEARN. I have known him for about 20 years, ever since I was a motorcycle cop.

Mr. HALLEY. Did he have an interest in one of the houses?

Mr. A'HEARN. I have always presumed he was at Arrowhead, because when I was on the motorcycle, I used to drive in there and go into the kitchen to get a bite to eat nights, when I used to ride the motorcycle.

Mr. HALLEY. When did you first know Coakley?

Mr. A'HEARN. That must have been 1924, 1925, somewheres around in there.

Mr. HALLEY. What is Coakley's business?

Mr. A'HEARN. That I don't know. I was in the help's dining room one night, sitting down having something to eat. The steward intro-

duced me. He come walking through, and the steward introduced me to him.

Mr. HALLEY. Were you ever in the Arrowhead?

Mr. A'HEARN. No, I never was there, I never even seen a show there, so long as they have had shows around Saratoga.

Mr. HALLEY. Who operated the Brook Club in 1949?

Mr. A'HEARN. There was a man from Albany, George Smeldone, and he has a restaurant in Albany. I was born and brought up and soldiered with Georgie Smeldone.

Mr. HALLEY. Does Commissioner Leonard ever interfere with work in the police department?

Mr. A'HEARN. No.

Mr. HALLEY. How often do you see him?

Mr. A'HEARN. I wouldn't see the commissioner to speak to sometimes but two or three times during the year.

Mr. HALLEY. You have a rather small department; isn't that right?

Mr. A'HEARN. Twenty-three men.

Mr. HALLEY. How often does the commissioner come in?

Mr. A'HEARN. He doesn't come in the Department any more than—I have seen him in there probably two, three or four times during a whole year. He might come in oftener when I would be out, but that is the average I have seen him in there, two or three times a year.

Mr. HALLEY. I have no other questions. Thank you.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No, I think not. I am very much impressed with the witness.

The CHAIRMAN. All right. Thank you.

You can go back today, but remember that you are to remain under subpoena, and if we need you again, we will let you know.

Mr. A'HEARN. O. K. Thank you.

(Witness excused.)

The CHAIRMAN. Who is your next witness to be?

Mr. HALLEY. That will be the chief of police, Patrick Rox.

The CHAIRMAN. Very well.

Mr. HALLEY. How do you do? This is Senator Tobey; this is Senator Kefauver, and my name is Rudolph Halley. I am chief counsel for the committee.

You are chief of police of Saratoga, are you not?

Mr. Rox. Yes, sir.

The CHAIRMAN. And are you counsel for Mr. Rox?

Mr. PRIOR. Yes. My name is Daniel H. Prior. I have an office at Albany, N. Y.

The CHAIRMAN. Very well. Will you raise your right hand and be sworn, Mr. Rox?

Do you solemnly swear that the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. Rox. Yes, I do.

TESTIMONY OF PATRICK F. ROX, CHIEF OF POLICE, SARATOGA SPRINGS, N. Y., ACCOMPANIED BY DANIEL H. PRIOR, COUNSEL

Mr. HALLEY. What is your full name, please?

Mr. Rox. Patrick F. Rox.

Mr. HALLEY. You may smoke if you desire.

Where do you reside?

Mr. ROX. Saratoga Springs.

Mr. HALLEY. What is your position?

Mr. ROX. Chief of police.

Mr. HALLEY. How long have you held that position?

Mr. ROX. Well, I was officially appointed, let me see—pardon me a minute—I went in in 1922.

Mr. HALLEY. As chief?

Mr. ROX. No; I went in as a patrolman, and I was out 4 years, and then that would bring me up to 1933.

Mr. HALLEY. Now, have you any other businesses besides that of being chief of police?

Mr. ROX. No, sir.

Mr. HALLEY. What is your compensation in that position?

Mr. ROX. Right now?

Mr. HALLEY. Yes, sir.

Mr. ROX. About \$3,700 a year, starting this year.

Mr. HALLEY. And that is your only income?

Mr. ROX. No; I have an income from the raceway.

Mr. HALLEY. What is that?

Mr. ROX. Well, I take the money out in my private car, and I get \$10 a night.

Mr. HALLEY. For taking the proceeds from the raceway to the bank?

Mr. ROX. From the bank to the raceway, not the track, you understand, from the raceway back.

Mr. HALLEY. And for that you get \$10 a night?

Mr. ROX. That is right.

Mr. HALLEY. Do you do that personally?

Mr. ROX. Yes, sir.

Mr. HALLEY. Do you have any other sources of income?

Mr. ROX. No, nothing.

Mr. HALLEY. Have you had any other sources of income in the last 5 years?

Mr. ROX. I have not.

Senator TOBEY. Do you use your own car in taking this out?

Mr. ROX. I do, sir.

Mr. HALLEY. While we are on that subject, have you ever escorted the funds from any of the night clubs or gambling houses from the bank?

Mr. ROX. No, sir.

Mr. HALLEY. Some of your men do it, do they not?

Mr. ROX. I understand they do.

Mr. HALLEY. They so advised you, is that right?

Mr. ROX. I never advised them to do it, but I always felt that it would be much better than to have a stick-up or anything of that sort, so I did not interfere with them.

Mr. HALLEY. They told you they were doing it, didn't they?

Mr. ROX. I understood they were doing it.

Mr. HALLEY. And they also got \$10 a night?

Mr. ROX. I never inquired just what they got, or what they did not get.

Mr. HALLEY. Now, Chief Rox, the committee understands that up to the end of 1949, gambling at Saratoga was wide open, and without any obstruction upon the part of the police; is that correct?

Mr. Rox. That is not correct.

Mr. HALLEY. Well, what are the facts?

Mr. Rox. I have had complaints of gambling, and I have sent men to investigate those complaints, and they have come back and reported that there wasn't any gambling at the spots where they went.

Mr. HALLEY. When was that.

Mr. Rox. Well, Mr. Halley, it has happened at different times. I just can't recall when or tell you when.

Mr. HALLEY. Is it your information that there has not been gambling at, say, the Arrowhead Inn?

Mr. Rox. Sir?

Mr. HALLEY. To your knowledge, has there not been any gambling at the Arrowhead Inn?

Mr. Rox. I have never seen any, sir.

Mr. HALLEY. Were you ever there?

Mr. Rox. In there?

Mr. HALLEY. Yes.

Mr. Rox. Yes, I have been there once or twice, at the Turf Riders' dinner. That is about the only time I have been there.

Mr. HALLEY. To a dinner?

Mr. Rox. I get an invitation from the Turf Riders, they hold it once a year.

Mr. HALLEY. When is it held?

Mr. Rox. Generally in August, at the club.

Mr. HALLEY. Doesn't that club have a gambling room right under the same roof as the dining room?

Mr. Rox. Mr. Halley, I never seen gambling in there.

Mr. HALLEY. Did you ever hear that there was gambling in Saratoga?

Mr. Rox. We have had complaints of gambling in Saratoga.

Mr. HALLEY. From whom did you get complaints?

Mr. Rox. Well, we have had them from various people at various times.

Mr. HALLEY. What did you do about the complaints?

Mr. Rox. Well, we sent out to investigate them.

Mr. HALLEY. Who did you send out?

Mr. Rox. The different officers.

Mr. HALLEY. Well, did you ever send Detective A'Hearn out?

Mr. Rox. Yes, I have.

Mr. HALLEY. Did you ever tell him to go into the clubs and see if there was gambling?

Mr. Rox. That would be his duty, yes.

Mr. HALLEY. Did you specifically tell him to do that?

Mr. Rox. I told him to investigate the complaints.

Mr. HALLEY. With reference to what clubs did the complaints come in?

Mr. Rox. I cannot just off the record tell you, but we have had them.

Mr. HALLEY. Well, did you ever get a complaint of gambling at the Piping Rock Club?

Mr. ROX. Yes, I believe we have.

Mr. HALLEY. Did you investigate it?

Mr. ROX. Yes.

Mr. HALLEY. What investigation did you make?

Mr. ROX. I sent officers to find out what was going on.

Mr. HALLEY. What officers did you send out?

Mr. ROX. Well, that would depend, Mr. Halley, on who was there.

Mr. HALLEY. Did you ever send Officer A'Hearn out?

Mr. ROX. Yes.

Senator TOBEY. He is a good detective?

Mr. ROX. Yes, he is the best.

Senator TOBEY. The best you have got?

Mr. ROX. Yes.

Mr. HALLEY. Did you tell him to go into the Piping Rock Club?

Mr. ROX. Oh, yes, that is understood, that they must go in.

Mr. HALLEY. He has testified that his understanding was that he better not go in, and he says that he has never gone into any of the clubs.

Mr. ROX. Well I cannot understand his not going into them. He has been going out there to investigate them.

Mr. HALLEY. Well, now, Chief, you are the head of the department, are you not?

Mr. ROX. That is right.

Mr. HALLEY. And do you act under Doc Leonard?

Mr. ROX. Yes.

Mr. HALLEY. What is his title?

Mr. ROX. Commissioner of Public Safety.

Mr. HALLEY. He is your superior?

Mr. ROX. Yes.

Mr. HALLEY. But you are in charge of the active police force; is that right, sir?

Mr. ROX. That is right, sir.

Mr. HALLEY. Do you report directly to Leonard?

Mr. ROX. When there is anything to report, yes.

Mr. HALLEY. Does he sit as a member of the town board, or city board?

Mr. ROX. Yes.

Mr. HALLEY. And the city board divides up various duties; is that right?

Mr. ROX. That is right.

Mr. HALLEY. And Leonard's duty is public safety?

Mr. ROX. Yes.

Mr. HALLEY. Who appointed you as police chief?

Mr. ROX. I took an examination, a civil service examination.

Mr. HALLEY. Given by the city of Saratoga?

Mr. ROX. No, it is given—well, yes, by that board, but the examinations are sent in from Albany.

Mr. HALLEY. You mean there is a form of examination that comes from Albany; is that it?

Mr. ROX. Yes.

Mr. HALLEY. From what department?

Mr. ROX. Civil Service.

Mr. HALLEY. And there is an oral interview examination as well as a written examination?

Mr. ROX. Yes.

Mr. HALLEY. Of course, you are rated from your oral examination, which is your appearance before the board of commissioners?

Mr. ROX. That is right.

Mr. HALLEY. Is that right?

Mr. ROX. Yes, sir.

Mr. HALLEY. And on the basis of that examination you were appointed, is that correct?

Mr. ROX. That is right.

Mr. HALLEY. Now, as the head of that police department, would you be troubled by being advised here and now that the man you have just described as your best detective has stated that he has never gone past the lobby of any of the clubs in Saratoga?

Mr. ROX. Well, I always understood that he did.

Mr. HALLEY. Did he tell you that he did?

Mr. ROX. I understood it that way. Now, to refresh my memory, I wouldn't really remember, but it was always in my mind that he did.

Mr. HALLEY. How did you get that impression?

Mr. ROX. Any time we send anyone out to investigate, I always thought the procedure would be to get the key, to go around to places, get the keys and open them up and see if anything is going on.

Mr. HALLEY. Now, we are not talking about locked doors, Chief.

Mr. ROX. But I am speaking of them.

Mr. HALLEY. We have a report here now in evidence of the New York State Police that was made in August of 1947. Are you familiar with an investigation that was made by the New York State Police in August of 1947?

Mr. ROX. I don't know. Would you tell me more about it?

Mr. HALLEY. Do you know Inspector LaForge?

Mr. ROX. Yes, I do know him.

Mr. HALLEY. And you speak to him from time to time?

Mr. ROX. Oh, yes.

Mr. HALLEY. You are on friendly terms?

Mr. ROX. Yes.

Mr. HALLEY. Was he not in Saratoga the early part of August 1947?

Mr. ROX. He could have been.

Mr. HALLEY. And did he not make a survey of the various gambling establishments?

Mr. ROX. He could have.

Mr. HALLEY. Did you ever hear of him doing that?

Mr. ROX. I don't recall hearing that.

Mr. HALLEY. Did you ever hear that any survey was made of gambling establishments by the State police?

Mr. ROX. No; but I know the State police were in Saratoga all last summer.

Mr. HALLEY. I am talking about before last summer.

Mr. ROX. No; I did not remember hearing that.

Mr. HALLEY. For your information, the State police just walked in to all the clubs, and found them wide open, operating without locked doors, and there was no need for anybody to have a search

warrant or anything else; they could just walk right in with the rest of the public and see what was going on.

Now, that was the sworn testimony before this committee.

Without wasting a lot of time about it, Chief, would you explain how you failed to find that out in your own city?

Mr. ROX. Well, I cannot explain it, sir. I depend upon others to tell me about it. I never heard a report of that.

Mr. HALLEY. Well, who specifically did you ever send out to check the rumors or the complaints which you say you received?

Mr. ROX. Well, I have sent A'Hearn and Petes. I have sent various men.

Mr. HALLEY. Did you ever tell A'Hearn to go into the various clubs and see whether there was gambling taking place?

Mr. ROX. I have told him of complaints that I received, and what to do and where to go.

Mr. HALLEY. Did you ever send them to make an investigation, and to come back and report to you?

Mr. ROX. He always comes back and reports to me.

Mr. HALLEY. What did he tell you?

Mr. ROX. He found them clean.

Mr. HALLEY. He found them with no gambling going on?

Mr. ROX. Yes.

Mr. HALLEY. And he so reported to you?

Mr. ROX. He so reported.

Mr. HALLEY. And you believed that?

Mr. ROX. Yes; I did.

Mr. HALLEY. Did you know whether or not Joe Adonis frequented Saratoga?

Mr. ROX. No; I never seen Joe Adonis in my life.

Mr. HALLEY. Didn't it come to your attention that Joe Adonis had been in Saratoga?

Mr. ROX. Yes; I heard that.

Mr. HALLEY. Do you know whether or not he was connected with the Arrowhead Inn?

Mr. ROX. I do not.

Mr. HALLEY. Had it ever been called to your attention?

Mr. ROX. At one time, I will say it was in the late fall, there was an investigator here in New York who was trying to connect Joe Adonis up with the Copacabana. They claimed that he was hanging around the Piping Rock all that summer.

Mr. HALLEY. Did you ever check to see what he was doing?

Mr. ROX. Well, it was in the fall, sir.

Mr. HALLEY. And you never checked?

Mr. ROX. He wasn't there. He wasn't in the club. Them clubs only run during August.

Mr. HALLEY. Did you ever check to see if he was there?

Mr. ROX. No; I did not.

Mr. HALLEY. Do you know Edward McEwen?

Mr. ROX. Yes.

Mr. HALLEY. What is his business?

Mr. ROX. Well, he is in the carnival business, and he is in the night club business.

Mr. HALLEY. He is in the Piping Rock Club, is he not?

Mr. ROX. Yes.

Mr. HALLEY. Didn't you know he was in the gambling business?

Mr. ROX. Well, he has got a reputation as a gambler, but I could not say he was.

Mr. HALLEY. You live in Saratoga, do you not?

Mr. ROX. That is true.

Mr. HALLEY. And these clubs flourish in Saratoga, do they not?

Mr. ROX. They run in Saratoga.

Mr. HALLEY. Did you not get up some evening, and walk into one of these clubs to see what was going on?

Mr. ROX. No; I never did.

Mr. HALLEY. Do you know Scotchy Morrison?

Mr. ROX. Yes.

Mr. HALLEY. Have you ever been out to Smith's Interlochen?

Mr. ROX. No, sir.

Mr. HALLEY. You have never been there?

Mr. ROX. Never.

Mr. HALLEY. It is right in Saratoga?

Mr. ROX. Yes.

Mr. HALLEY. Scotchy Morrison runs it?

Mr. ROX. That I don't know.

Mr. HALLEY. What is Scotchy Morrison's business?

Mr. ROX. What is his business?

Mr. HALLEY. Yes.

Mr. ROX. That I do not know. I do not justly know what his business is.

Mr. HALLEY. He is a year-round resident of Saratoga, is he not?

Mr. ROX. No; to the best of my information he lives in Albany.

Mr. HALLEY. In Albany?

Mr. ROX. Yes.

Mr. HALLEY. He comes up to Saratoga to run, does he not?

Mr. ROX. He is in Saratoga a considerable amount of time.

Mr. HALLEY. Particularly during the season?

Mr. ROX. Yes; during the summer.

Mr. HALLEY. You have never checked on what he does there?

Mr. ROX. No; I have not.

Mr. HALLEY. How well do you know him?

Mr. ROX. I know him well enough to say, "Hello, Scotchy, how are you."

Mr. HALLEY. Did you ever have a drink with him?

Mr. ROX. No.

Mr. HALLEY. Or a meal?

Mr. ROX. No.

Mr. HALLEY. Do you know of Newman's Lake House?

Mr. ROX. Yes.

Mr. HALLEY. Have you ever been there?

Mr. ROX. Yes.

Mr. HALLEY. Who operates it?

Mr. ROX. So far as I know, Joey King.

Mr. HALLEY. How long have you known King?

Mr. ROX. He has been a resident around there practically all of his life. I have known him since he has been a boy.

Mr. HALLEY. Were you ever in Newman's Lake House during the season?

Mr. ROX. Yes.

Mr. HALLEY. And did you not see gambling in progress there?

Mr. ROX. I did not.

Mr. HALLEY. Would it surprise you to know that the State troopers found seven roulette wheels, and a crap table in operation at Newman's Lake House, and officially reported it?

Mr. ROX. They did not report that—it is too bad——

Mr. HALLEY. I am sorry. I did not hear you.

Mr. ROX. I say it is too bad they did not report that to us.

Senator TOBEY. What would have happened if they had?

Mr. ROX. We would go out on a raid.

Senator TOBEY. But the fact remains that you were there all the time, and you are chief of police, as I understand it, and you testified that you, of your own knowledge, know of this not existing, and if these detectives were sent out, God save the name, to investigate and report there was nothing doing, then the fact remains that the gentlemen from the State police came in in 1947 and gave a detailed list of gambling dens, den after den, running full blast, and you say if they reported it to you that you would have taken action?

You didn't have to work very hard in order to take action. You could go any place to find this. You know the men were breaking the law of the State, and you could close them up. How did you explain the fact that you did not take the bull by the horns and be an aggressive chief of police and put them out of business?

Mr. ROX. Well, Senator—is it Senator Tobey?

Senator TOBEY. Yes.

Mr. ROX. I have a lot of work to do.

Senator TOBEY. What?

Mr. ROX. A lot of work.

Senator TOBEY. Yes, we all have.

Mr. ROX. That is true.

Senator TOBEY. But your first work is to uphold the law; isn't that right?

Mr. ROX. That is right.

Senator TOBEY. In this case——

Mr. ROX. I never investigated them places.

Senator TOBEY. Well, how can you enforce the law as chief of police? When is a chief of police not a chief of police? He draws a salary, holds a title, and whether he has the fear of God in his heart and feels that things are wrong and against the law and goes in and smashes them up? When is a chief of police any good?

On the evidence the committee has here, with no personal feeling against you, but only kindly feeling——

Mr. ROX. I appreciate that.

Senator TOBEY (continuing). We have got our duty to do, and you have got yours.

Mr. ROX. That is right.

Senator TOBEY. I simply ask you, how would you rate a chief of police in a large place in the State of New York, where he has complete jurisdiction, and he has a lot of dummies under him as detectives, who do not do their job, and they report back to you that all is clean, when he knows that every citizen in Saratoga knows that things are

wide open, then how would you feel about the matter? How would you rate a chief of police on that sort of testimony?

Mr. ROX. That is a hard question for me to answer, Senator.

Senator TOBEY. What would you mark yourself on the evidence as chief of police?

Mr. ROX. Well, you wouldn't want me to condemn myself, would you?

Mr. TOBEY. Yes. I think there are two selves to each of us. There is the inner self, and on the testimony of yourself and these other gentlemen, you were entirely negligent in your duty. You did not measure up to the job at all on your own testimony.

Now, I say suppose there was John Smith, and he gave that evidence, wouldn't you mark him zero?

Mr. ROX. Do I have to answer that, Senator?

Senator TOBEY. Not unless you want to.

Mr. ROX. Well, I would rather not.

Senator TOBEY. I think that the facts will speak for themselves. But you, sir, there is a clause in the Bible that says, "Out of their own mouths they condemn themselves."

Out of your own mouth you have condemned yourself, you have testified that you knew of no gambling in Saratoga Springs, and that you took the word of these detectives, so-called, that there was nothing doing there, when everybody else knew there was, when the State police made an investigation and gave detailed and sworn testimony as to gambling house after gambling house, and you just sit back as chief of police and say you did nothing about it.

I ask you, how much respect can people have for the State of New York, when a chief of police of a large subsidiary of the government of the State of New York does not know about what is going on in his own jurisdiction?

I say this without personal feeling. There is an incongruity here, in this degree, if I were you and was giving sworn testimony, and if I were made to look as you look to us here now, the thing that I would do, and, of course, that is entirely up to you, but I would offer my resignation so fast and get out of the country. And if you did not do it, and I had any authority in this State, I would remove you inside of 10 minutes.

That is all, Mr. Chairman.

Mr. HALLEY. Mr. ROX, isn't it a fact that the policy of the town commissioners of Saratoga was to leave the gambling alone? Isn't that the basic fact?

Mr. ROX. Well, I have never had any instructions or orders to leave gambling alone.

Mr. HALLEY. Have you ever made a raid on Smith's Interlochen?

Mr. ROX. No.

Mr. HALLEY. Or on the Piping Rock Club?

Mr. ROX. No.

Mr. HALLEY. Or on Newman's?

Mr. ROX. Newman's?

Mr. HALLEY. Yes.

Mr. ROX. No.

Mr. HALLEY. Or on Delmonico's?

Mr. ROX. Delmonico's?

Mr. HALLEY. Yes.

Mr. ROX. Is that the Brook?

Mr. HALLEY. No, Delmonico's. I can give you more details on it. It is at Saratoga Spa, and was formerly known as Riley's.

Mr. ROX. I did.

Mr. HALLEY. When did you make a raid there?

Mr. ROX. In 1938.

Mr. HALLEY. In 1938?

Mr. ROX. Yes.

Mr. HALLEY. And wasn't it at that time, I think, that Governor Lehman instituted a clean-up of Saratoga?

Mr. ROX. I am not too sure of that. Perhaps you are right about that.

Mr. HALLEY. Isn't that what it was?

Mr. ROX. I don't recall that.

Mr. HALLEY. Since 1938 have you done anything about Riley's?

Mr. ROX. No.

Mr. HALLEY. Have you ever raided the Chicago Club?

Mr. ROX. No.

Mr. HALLEY. Have you ever raided the Arrowhead?

Mr. ROX. No.

Mr. HALLEY. Have you ever raided Outhwaite's?

Mr. ROX. No.

Mr. HALLEY. Now, over a period of years you have heard persistent rumors, and had persistent complaints that there was gambling going on in these places; have you not?

Mr. ROX. We have had complaints; yes, sir.

Mr. HALLEY. Can you specifically tell this committee that you told any member of your staff to go and make an investigation of any one of these places, specifically, and come back to you with a report?

Mr. ROX. I have told the men, and I have sent men out to do that.

Mr. HALLEY. Can you give us the name of the man, the name of the place, and tell us what the report was?

Mr. ROX. Unfortunately, at the moment I cannot.

Mr. HALLEY. Don't you see the position you put yourself in, Chief?

Mr. ROX. I understand it, Mr. Halley.

Mr. HALLEY. You look like a pretty good guy, and here you say—

Mr. ROX. Mr. Halley, I am not looking for sympathy, but I have been sick for 3 years, almost, and I have been sick all fall—pressure and nerves.

Mr. HALLEY. Well, naturally there is pressure when a thing like this is going on.

Mr. ROX. Pardon?

Mr. HALLEY. I say, naturally there is pressure when a thing like this is going on.

Mr. ROX. I have had this before, before this ever went on.

Mr. HALLEY. You have had what?

Mr. ROX. I have had this pressure before this.

Mr. HALLEY. What type of pressure are you referring to?

Mr. ROX. Blood pressure.

Mr. HALLEY. Blood pressure?

Mr. ROX. Yes, sir.

Mr. HALLEY. You are not in any physical danger from testifying; are you?

Mr. ROX. Not to my knowledge; no.

Mr. HALLEY. Talking about the work in progress here, this investigation, you are in a position where, as the chief of police, you cannot state specifically that you were misled by any of your informers?

Mr. ROX. No.

Mr. HALLEY. I mean of your force, any information given by your force?

Mr. ROX. No.

Mr. HALLEY. And you cannot say specifically, or you won't, that any of your superiors in the municipal government told you to wink at gambling?

Mr. ROX. No; they did not.

Mr. HALLEY. Did you ever discuss the gambling situation with Inspector LaForge?

Mr. ROX. Last year.

Mr. HALLEY. When, last year?

Mr. ROX. Oh, several times last year.

Mr. HALLEY. You mean 1950?

Mr. ROX. Yes, sir.

Mr. HALLEY. What kind of discussions did you have, to the best of your recollection?

Mr. ROX. Well, he had men, he told me that he had men stationed around, and he told me that they had men inspecting the places. I talked the matter over with him several times.

Mr. HALLEY. Did he ever ask you what you could contribute?

Mr. ROX. No; he agreed there wasn't any, and I agreed there wasn't any.

Mr. HALLEY. Didn't you ever tell him that you just did not want to talk about the gambling situation?

Mr. ROX. To him?

Mr. HALLEY. Yes.

Mr. ROX. No.

Mr. HALLEY. Didn't you tell him that you would talk about anything else, but you did not want to get involved in gambling?

Mr. ROX. I never recall making that remark in my life.

Mr. HALLEY. Prior to last year, had you talked to Inspector LaForge about the gambling?

Mr. ROX. No, sir.

Mr. HALLEY. Had you ever asked him what he knew about it?

Mr. ROX. No.

Mr. HALLEY. Have you ever made any money gambling?

Mr. ROX. No. I am a \$2 bettor, Mr. Halley.

Mr. HALLEY. Sir?

Mr. ROX. I am a \$2 bettor.

Mr. HALLEY. Well, have you ever made any money as a \$2 bettor?

Mr. ROX. No.

Mr. HALLEY. Where do you make your \$2 bets?

Mr. ROX. At the race track.

Mr. HALLEY. Have you ever patronized any of the horse books in Saratoga?

Mr. ROX. I have not.

Mr. HALLEY. Now, they operate fairly wide open, do they not?

Mr. ROX. Mr. Halley, they are the toughest things we have to contend with. We send men down and they watch them, and they close

their doors, and the men double back, and it is the same old thing over and over again. Every once in a while we get a hold of one.

Mr. HALLEY. What are the duties of George Smith?

Mr. ROX. Oh, he is a prowler-car man.

Mr. HALLEY. A what?

Mr. ROX. A prowler-car man; nights.

Mr. HALLEY. Do you know if he has any relationship with Jim Leary?

Mr. ROX. No. You are talking about the officer?

Mr. HALLEY. Yes.

Mr. ROX. George Moon Smith?

Mr. HALLEY. Yes.

Mr. ROX. Not to my knowledge.

Mr. HALLEY. Does he know him?

Mr. ROX. Oh, he has got to know him.

Mr. HALLEY. What do you mean?

Mr. ROX. Do you mean is he acquainted with him?

Mr. HALLEY. Yes.

Mr. ROX. We all know Jim Leary.

Mr. HALLEY. It is a small enough town so that everybody gets to know everybody else; isn't that right?

Mr. ROX. Yes.

Mr. HALLEY. How could people operate in that town, even a horse book, without you knowing within a matter of days what a man was doing for a living?

Mr. ROX. Mr. Halley, trapping one of them fellows is quite a chore. We have caught them and locked them up.

Mr. HALLEY. Did you even suspect them?

Mr. ROX. Yes.

Mr. HALLEY. And you have never been able to catch them?

Mr. ROX. We have caught some of them. They watch us. Everybody knows everybody. We have only got 21 policemen the year round, and we have got an 8-hour shift.

Mr. HALLEY. Of course, you have got to go into their premises in order to catch them.

Mr. ROX. That is right, and you need search warrants in the majority of them.

Mr. HALLEY. You would not need search warrants in any of these large gambling casinos, would you?

Mr. ROX. I don't believe you would.

Mr. HALLEY. And you are actually astonished when we say that A'Hearn has testified that he never set foot in one of them?

Mr. ROX. Well, I understand that he did go in there and inspect places. I have always had that understanding. I am surprised that that is not so.

Mr. HALLEY. During the season?

Mr. ROX. Yes.

Mr. HALLEY. I have no further questions.

Senator TOBEY. Assume, Mr. Chief of Police, that you suddenly had a change of heart and, through your emissaries, or your force, you gave Saratoga Springs a 100-percent law enforcement, and closed this crowd up and prosecuted these men to the fullest extent of the law; what do you think would happen to you?

Mr. Rox. Nothing would happen to me, sir.

Senator TOBEY. Then why didn't you do it?

Mr. Rox. Well, after talking to you gentlemen, that would be my policy.

Senator TOBEY. What is that?

Mr. Rox. That will be my policy.

Senator TOBEY. That will be?

Mr. Rox. Yes, sir; I am promising you.

Senator TOBEY. You know, you and I are not as young as we used to be.

Mr. Rox. I appreciate that.

Senator TOBEY. And there comes a time when you kind of weigh the evidence of what the trend of the evidence of a man's life has been, what he stood for, what people are going to remember him by. You realize that, and I do, too, and it is about the darndest thing a man can have. The greatest thing that a man can have is not money, but it is a reputation or godliness, religiousness, hatred of evil, inequity, and love of the people, to make this a decent place to live in; isn't that right?

Mr. Rox. Yes, sir.

Senator TOBEY. You would not think for a minute that by inaction and passivity you could develop a reputation like that, would you?

Mr. Rox. No, sir.

Senator TOBEY. The game is not worth the candle, is it?

Mr. Rox. I believe you.

Senator TOBEY. That is all.

Mr. SHIVITZ. It has been testified by a member of your staff that one of the reasons he did not go beyond the hallway of any of these establishments at Saratoga was because he wanted to keep his job. Do you understand what he meant by that?

Mr. Rox. No, I do not; I do not, sir; I do not.

Senator TOBEY. Well, then, to follow that thing in the reverse order, had this emissary of your department had a conviction in his heart, and a sureness that if he had gone beyond the hall door, inside, and smashed the whole thing down, and brought the men to justice, he would not have the approval of the chief of police, would he?

Mr. Rox. He would have my approval.

Senator TOBEY. And a man naturally tries to get the approval of those over him, doesn't he?

Mr. Rox. Mr. Senator, he would have had my approval.

Senator TOBEY. But you never impregnated him with that idea, did you?

Mr. Rox. I never done otherwise; I never told the man not to do his duty.

Senator TOBEY. How do you account for his stopping in the hall?

Mr. Rox. I cannot understand it; I cannot explain it.

Mr. HALLEY. Chief Rox.

Mr. Rox. Yes?

Mr. HALLEY. You did not go past the hall of any of these places, either, did you?

Mr. Rox. I beg your pardon?

Mr. HALLEY. You did not pass the hall of any of these places, did you?

Mr. ROX. No; I had no occasion to.

Mr. HALLEY. Except to attend the Turf Riders' dinner?

Mr. ROX. That is the only time, in August; the missus and I then go out.

Mr. HALLEY. What is your net worth, Chief?

Mr. ROX. Pardon?

Mr. HALLEY. What is your net worth?

Mr. ROX. You mean what I own?

Mr. HALLEY. Yes.

Mr. ROX. Well, I own my own home. I paid \$6,000 for it.

I have about \$1,800 in the Adirondack Trust, and I have got about \$3,000, I have got about \$3,600 in bonds, and some of them bonds were presents by the police at Christmas.

Mr. HALLEY. By the police?

Mr. ROX. Yes; they would give me a Christmas present every year, a \$100 bond or so.

Mr. HALLEY. Have you ever received a present from the operators of night clubs or casinos?

Mr. ROX. I have not, Mr. Halley; no, sir.

Mr. HALLEY. Do you own an automobile privately?

Mr. ROX. Yes; I do.

Mr. HALLEY. What kind?

Mr. ROX. It is a Dodge, 1949.

Mr. HALLEY. Does your wife have any property?

Mr. ROX. No, sir; everything is jointly owned.

Mr. HALLEY. Have you made any gifts to children?

Mr. ROX. To children?

Mr. HALLEY. To your children.

Mr. ROX. I haven't any children. I only had one child, and he died years ago. No. I make small gifts to nieces and nephews at Christmas time.

Mr. HALLEY. Have you made any gifts in excess of \$100 to any relative?

Mr. ROX. Oh, no.

Mr. HALLEY. Does any other person hold any property for you?

Mr. ROX. No, no.

Mr. HALLEY. Do you have any cash?

Mr. ROX. Cash?

Mr. HALLEY. Cash money.

Mr. ROX. I have got about \$3,000 in a lockbox.

Mr. HALLEY. What lockbox is that?

Mr. ROX. In the Adirondack Trust Co., sir.

Mr. HALLEY. In a safe-deposit box?

Mr. ROX. Yes.

Mr. HALLEY. Do you have any particular reason for keeping cash in a lockbox?

Mr. ROX. No, I haven't, but you only get a half or a quarter of 1 percent in the bank on it, and if you want the money you can have it. I don't have any reason, I couldn't even give you a reason for it.

Mr. HALLEY. Do you have any other lockbox?

Mr. ROX. No.

Mr. HALLEY. Do you keep any kind of a lockbox around your house?

Mr. ROX. No, I haven't got any.

Mr. HALLEY. Have you ever?

Mr. ROX. No; I haven't any use for one.

Mr. HALLEY. Thank you. I have no other questions.

Chief, you may, of course, return to Saratoga, but please consider yourself under subpoena subject to some further call by the committee, and we will try to give you reasonable notice.

Mr. ROX. Yes, sir.

The CHAIRMAN. Thank you, sir.

(Witness excused.)

The CHAIRMAN. Who is your next witness?

Mr. HALLEY. Mr. Hathorn.

The CHAIRMAN. Good afternoon, Mr. Hathorn. Will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. HATHORN. I do.

TESTIMONY OF FRANK S. HATHORN, SHERIFF, SARATOGA COUNTY, N. Y.

Mr. HALLEY. What is your full name?

Mr. HATHORN. Frank S. Hathorn.

Mr. HALLEY. What is your occupation?

Mr. HATHORN. Sheriff.

Mr. HALLEY. How long have you held that job?

Mr. HATHORN. Nine years.

Mr. HALLEY. Yes?

Mr. HATHORN. In Saratoga County.

Mr. HALLEY. Prior to becoming sheriff, what was your occupation?

Mr. HATHORN. Superintendent at the Ballston Spa.

Mr. HALLEY. From that position did you step into the job of sheriff?

Mr. HATHORN. What is that?

Mr. HALLEY. From your position did you step into the job of sheriff?

Mr. HATHORN. No; I was under sheriff for 3 years.

Mr. HALLEY. While you were in the knitting mill?

Mr. HATHORN. No; I was just superintendent of the mill at that time.

Mr. HALLEY. When were you under sheriff? When did you become under sheriff?

Mr. HATHORN. Three years before I was sheriff, and I have been sheriff 9 years.

Mr. HALLEY. You became under sheriff about 1939 or 1940?

Mr. HATHORN. Right through there some place; yes.

Mr. HALLEY. What was the salary of the under sheriff?

Mr. HATHORN. Fifteen hundred dollars and maintenance.

Mr. HALLEY. And what was your salary as superintendent of the knitting mill?

Mr. HATHORN. Five thousand dollars.

Mr. HALLEY. Can you explain why you were willing to take a decrease in salary?

Mr. HATHORN. Yes, sir.

Mr. HALLEY. Will you do so, please?

Mr. HATHORN. I had a son there who was under me for 9 years.

Mr. HALLEY. At the mill?

Mr. HATHORN. Yes. I figured I stood in his way, and I had an agreement with the company that if I retired, he would have that position.

Mr. HALLEY. And did you retire?

Mr. HATHORN. Yes; I was appointed under sheriff.

Mr. HALLEY. What is your salary as sheriff?

Mr. HATHORN. Forty-eight hundred dollars.

Mr. HALLEY. And maintenance?

Senator TOBEY. On a fee basis besides that?

Mr. HATHORN. No; there is no fee basis any more.

Mr. HALLEY. Do you get maintenance as well?

Mr. HATHORN. No.

Mr. HALLEY. Now, do you have any other businesses or occupations?

Mr. HATHORN. Yes.

Mr. HALLEY. What are they?

Mr. HATHORN. I have always invested in real estate and mortgages.

Mr. HALLEY. When did you make your first real-estate investment?

Mr. HATHORN. My first real-estate investment?

Mr. HALLEY. Yes.

Mr. HATHORN. Well, that was a long ways back, about 1910.

Mr. HALLEY. About 1910.

Mr. HATHORN. Yes, sir.

Mr. HALLEY. At the time you became sheriff, what was your net worth, would you say?

Mr. HATHORN. At the time I became sheriff?

Mr. HALLEY. Yes.

Mr. HATHORN. One hundred thousand, or one hundred twenty-five thousand dollars.

Mr. HALLEY. When you became sheriff?

Mr. HATHORN. Yes.

Mr. HALLEY. In what form was your wealth?

Mr. HATHORN. How did I acquire the wealth?

Mr. HALLEY. Yes.

Mr. HATHORN. Well, I learned the machinist trade when I was 16 years old, and I worked for the General Electric Co. and the Westinghouse Co. At that time I was drawing a top salary, which was \$25 a week.

Then in 1907, during the panic, I was laid off, and I bought out a trucking business. I was in that business for 13 years. I also worked as a farmer, and kept a dairy and a vegetable truck farm, which I own now.

During the war, the First World War, being a mechanic, I was hired by the late F. J. Schutz as superintendent of a large mill at Boston Spa.

There I invested in stocks, and I was with that company 16 years to the time that I became under sheriff, to get my son a break.

Mr. HALLEY. When you became under sheriff, what specifically were your assets? I realize that that may be a difficult question for you to answer, as it was some 12 years ago, but do you remember?

Mr. HATHORN. That I was what?

Mr. HALLEY. What were your assets?

Mr. HATHORN. I figured around \$125,000 or \$130,000.

Mr. HALLEY. When you became under sheriff?

Mr. HATHORN. Yes.

Mr. HALLEY. In what form were those assets?

Mr. HATHORN. Those were in real estate and money that I had saved.

Mr. HALLEY. Was that money in a bank?

Mr. HATHORN. Not all of it; no.

Mr. HALLEY. How much of it would you say was in the form of cash, unbanked?

Mr. HATHORN. Gee, I just couldn't answer that one. I don't remember. That is quite a way back.

Mr. HALLEY. Well, would you have had a very substantial amount in cash at that time?

Mr. HATHORN. Yes.

Mr. HALLEY. Go ahead.

Mr. HATHORN. Now, when I retired to give my son a break, I was a stockholder in the company.

Mr. HALLEY. You were a stockholder of the mills?

Mr. HATHORN. In the mills; yes.

Mr. HALLEY. How many shares did you have?

Mr. HATHORN. I had \$12,000 worth.

Mr. HALLEY. Twelve thousand dollars worth?

Mr. HATHORN. That is right.

Mr. HALLEY. At the current market price, what was that?

Mr. HATHORN. Now it is worth \$300 a share, and it would be worth a lot more.

Mr. HALLEY. How many shares did you have?

Mr. HATHORN. I had 100 shares.

Mr. HALLEY. And they were worth \$12,000?

Mr. HATHORN. They were worth \$100 or \$125 a share.

Mr. HALLEY. At the current market at that time?

Mr. HATHORN. Yes.

Mr. HALLEY. Do you have any more shares today?

Mr. HATHORN. No.

Mr. HALLEY. But they are worth more today?

Mr. HATHORN. They are worth \$300 a share today.

Mr. HALLEY. So as of today, your stock is worth—

Mr. HATHORN. I haven't got it now. I did have it while I was superintendent of the mills.

Mr. HALLEY. When did you sell it?

Mr. HATHORN. I sold that about 2 years before I became under sheriff.

Mr. HALLEY. So that when you became under sheriff you did not have that stock?

Mr. HATHORN. No.

Mr. HALLEY. What were your assets specifically when you became under sheriff? You have evaluated them generally at \$125,000.

Mr. HATHORN. I would say I was worth, I figured I was worth \$100,000 to \$125,000 at that time.

Mr. HALLEY. Where was the money.

Mr. HATHORN. It was in mortgages, and some of it was in the bank, and some of it was in my home.

Mr. HALLEY. What portion of it generally would you say was in your home in the form of cash?

MR. HATHORN. Oh, I used to keep from \$25,000 to \$30,000 or \$35,000 at home.

MR. HALLEY. What would be the motive for a businessman keeping that much money at home in a vault, I presume it was in a vault?

MR. HATHORN. Well, I used to use it to take a quick mortgage, if I had an opportunity to do so.

MR. HALLEY. Well, you always have to draw out mortgage papers and check the records of any property, don't you?

MR. HATHORN. That is right.

MR. HALLEY. And that would certainly give you enough time to draw money out of the bank?

MR. HATHORN. Well, after the crash of 1929, I did not leave too much in a bank.

MR. HALLEY. I still don't quite understand how you amassed all that money before you became under sheriff. What mortgages did you hold specifically when you became under sheriff? Do you have a list of them anywhere?

MR. HATHORN. Yes. Not back at that time, but I have some, I think, since 1932.

MR. HALLEY. You have those mortgages which you can present to the committee?

MR. HATHORN. Well, a record of them. They have been paid, those old mortgages, and the money reinvested.

MR. HALLEY. Do you have a record of every mortgage you ever held?

MR. HATHORN. No.

MR. HALLEY. But you do have some records?

MR. HATHORN. Yes.

MR. HALLEY. Whatever records you have, would you be willing to give them to the committee?

MR. HATHORN. Yes.

MR. HALLEY. Would you undertake to make a copy of that record?

MR. HATHORN. Yes.

MR. HALLEY. And enclose it in a letter addressed to me, chief counsel, at the United States Courthouse, Foley Square, right here, and do that as soon as you return to Saratoga?

MR. HATHORN. I think I can do that.

MR. HALLEY. I would appreciate that.

MR. HATHORN. All right.

MR. HALLEY. Now, in what bank did you have the money when you became under sheriff?

MR. HATHORN. In the Ballston Spa National Bank.

MR. HALLEY. How much money would you say you had there?

MR. HATHORN. I cannot remember.

MR. HALLEY. Would it be in excess of \$20,000?

MR. HATHORN. I could not answer that.

MR. HALLEY. Well, now, you have said that you had \$125,000, of which \$20,000 or \$30,000 was in the form of cash.

MR. HATHORN. Yes.

MR. HALLEY. You must have held a great many mortgages?

MR. HATHORN. I have held a lot of mortgages in my day.

MR. HALLEY. Are you sure you had that much money when you became under sheriff?

Mr. HATHORN. Yes; I think I did.

Mr. HALLEY. In any event, the records of the Ballston Spa National Bank will show just how much you had to deposit when you became under sheriff?

Mr. HATHORN. That is right.

Mr. HALLEY. Do you have your own records at the bank?

Mr. HATHORN. Do I have what?

Mr. HALLEY. Your own records, going back that far, of your bank-books?

Mr. HATHORN. No; I have not.

Mr. HALLEY. You do not?

Mr. HATHORN. No. I looked all over to get the records of these older mortgages, and I couldn't find them.

Mr. HALLEY. Did you submit any financial statements to anybody at the time you became undersheriff, or shortly before or shortly after?

Mr. HATHORN. No.

Mr. HALLEY. In short, what I am looking for is some verification. Do you have any?

Mr. HATHORN. No.

Mr. HALLEY. Now, what are you worth today?

Mr. HATHORN. I am worth, I think, around \$140,000.

Mr. HALLEY. So your net assets have not increased since you became sheriff?

Mr. HATHORN. Oh, yes.

Mr. HALLEY. Well, that is, not substantially.

Mr. HATHORN. No; I would not say that they have.

Senator TOBEY. What was he worth when he became sheriff?

Mr. HALLEY. When he became undersheriff, he was worth \$125,000.

Mr. HATHORN. I could not be exact about that, now. I don't know; that is back 12 years.

Mr. HALLEY. You are going to try to give the committee a summary of it when you get back home and reconstruct this?

Mr. HATHORN. Yes; I will try it.

Mr. HALLEY. And you will send it in by mail?

Mr. HATHORN. I will try that.

Mr. HALLEY. You will do that as soon as you get home?

Mr. HATHORN. Well, when am I going home?

Mr. HALLEY. You will get home tonight.

Mr. HATHORN. All right. I am going to stay down a day or two, if I can. This is the first vacation I have had, and it has not been much of a vacation.

Mr. HALLEY. Well, I hope you have some fun. How much of your assets today are in the form of cash?

Mr. HATHORN. About \$2,000.

Mr. HALLEY. No more than that?

Mr. HATHORN. No.

Mr. HALLEY. Where do you keep that?

Mr. HATHORN. I keep it in the house.

Mr. HALLEY. Where in the house? Do you have a lockbox in the house?

Mr. HATHORN. A safe.

Mr. HALLEY. A safe?

Mr. HATHORN. Yes.

Mr. HALLEY. Sheriff, we have been checking into gambling in Saratoga. Do you, as sheriff, have jurisdiction in the city of Saratoga?

Mr. HATHORN. Yes.

Mr. HALLEY. How large a force of employees do you have?

Mr. HATHORN. Active?

Mr. HALLEY. Yes.

Mr. HATHORN. I have two.

Mr. HALLEY. How many inactive?

Mr. HATHORN. Nineteen.

Mr. HALLEY. What is the distinction between active and inactive?

Mr. HATHORN. Well, I have two that are on salary. The 19 are supposed to be, as near as I can get them, from each town in the 19 towns of Saratoga County.

Mr. HALLEY. What do they do?

Mr. HATHORN. They just work when I call them.

Mr. HALLEY. What are your duties as sheriff?

Mr. HATHORN. To enforce the laws of the county.

Mr. HALLEY. Do you have any other duties?

Mr. HATHORN. Any other duties?

Mr. HALLEY. Yes.

Mr. HATHORN. As sheriff?

Mr. HALLEY. Yes.

Mr. HATHORN. No.

Mr. HALLEY. Can you recite to the committee any more serious law violations than the gambling which takes place in Saratoga City during the racing season?

Mr. HATHORN. Will you put that question again?

Mr. HALLEY. Can you recite to the committee any more serious law violations with which you have had to deal than the widespread gambling in Saratoga City during the racing season?

Mr. HATHORN. No; but there is that, and prostitution.

Mr. HALLEY. That and prostitution?

Mr. HATHORN. Yes.

Mr. HALLEY. What have you ever done about the gambling situation in Saratoga?

Mr. HATHORN. I have answered every complaint I ever had.

Mr. HALLEY. When you say you answered them, do you mean that you wrote a letter about it?

Mr. HATHORN. No; I investigated it, with my deputies.

Mr. HALLEY. Have you ever investigated the specific clubs which operate during the season in Saratoga?

Mr. HATHORN. My deputies did; yes.

Mr. HALLEY. You or your deputies?

Mr. HATHORN. My deputies have; yes.

Mr. HALLEY. Have you ever ordered your deputies to investigate the Piping Rock Club?

Mr. HATHORN. Yes; I had them cooperating with the chief of police in Saratoga, through the month of August.

Mr. HALLEY. What chief of police is that?

Mr. HATHORN. Patrick Rox.

Mr. HALLEY. And your men cooperated with Rox?

Mr. HATHORN. My men rode with him part of the night.

Mr. HALLEY. Where did they ride?

Mr. HATHORN. Where did they ride?

Mr. HALLEY. Yes; you say they rode with him.

Mr. HATHORN. Yes.

Mr. HALLEY. Where did they ride?

Mr. HATHORN. To the outskirts of Saratoga.

Mr. HALLEY. Did they go into the gambling houses?

Mr. HATHORN. I cannot answer that, sir.

Mr. HALLEY. Didn't they make a report of what they did?

Mr. HATHORN. Yes, and they told me that they found no evidence of gambling.

Senator TOBEY. I don't want to be impatient of abnormalities here, but you might know that Mr. Rox was on the stand just before you, and he was rather a broken man. I am really describing him when he got through, and he testified that he never went into these houses, that he didn't know of any gambling, and that he had only raided one place out of all those we quoted to him. He said that his chief detective, "the finest on the squad," A'Hearn, who is a detective extraordinary, had also gone only as far as the hall.

So far as Patrick Rox goes, he had an opportunity to check gambling, and he did nothing, and you tell me that you assigned your men to go with him, and he did not go. Did they ride around the city?

Mr. HATHORN. I cannot answer that.

Senator TOBEY. You didn't get a report from your men in good faith that they went in and investigated the place?

Mr. HATHORN. No.

Senator TOBEY. Then they did not do the job; did they?

Mr. HATHORN. No.

Senator TOBEY. Don't you, as sheriff of that county, demand of these men what you send them to do?

Mr. HATHORN. Yes.

Senator TOBEY. Did you in any one case of these men going out, demand that you get a report or find out why they did not do it?

Mr. HATHORN. Will you put that question again?

Senator TOBEY. When you sent these men out to ride with the sheriff, or the chief of police, and they didn't do anything about it, and they did not investigate and did not uncover anything, what did you do?

Mr. HATHORN. Well, I just filed a report.

Senator TOBEY. Which is a negligible thing; isn't it? It wasn't worth a darn, was it, so far as giving the stockholders, the people of this State and your county up there, a feeling of security? There was no practical thing done about it; was there? It was just a pro forma thing; wasn't it?

Mr. HATHORN. It might have been.

Senator TOBEY. And you sit here now, and I speak in all kindness to you, but you sit here now and tell this committee that you, as sheriff of this county, you yourself said and gave your authority as being the upholder of the law, which is a pretty important thing, and you took that oath of office, and you yourself said that was your job, and now you admit to us that these men of yours that you sent out to ride with Patrick Rox—

Mr. HATHORN. Not with Rox; with his detectives, or with his detective.

Senator TOBEY. With A'Hearn?

Mr. HATHORN. That is right.

Senator TOBEY. And Mr. A'Hearn never testified, or he testified that he never went any further than the hall, that he didn't believe in seeing evil, hearing evil, or speaking evil, and his investigations were nil, and as a detective he is a joke. So you sent your men to go out with him, and Patrick Rox, the chief of police, testified he never himself did those things. The whole thing is a farce.

Mr. HATHORN. I think Saratoga has a very adequate police force.

Senator TOBEY. Adequate in what way?

Mr. HATHORN. In numbers.

Senator TOBEY. But it is not worth a darn so far as doing anything; is that right?

Mr. HATHORN. That may be true.

Senator TOBEY. Well, don't you think so?

On the evidence we have given you of Mr. Rox's own testimony, and A'Hearn's testimony——

Mr. HATHORN. Yes, but I have made several raids in Saratoga, or my men have.

Senator TOBEY. You have alone?

Mr. HATHORN. My men.

Senator TOBEY. We asked you about the matter, and you said you instructed your men to ride with the chief of police, and the chief of police said he didn't do anything at all, and A'Hearn didn't do anything. There you reach the lowest terms ad absurdum, and there wasn't anything done, pro forma. You, yourself, as sheriff, didn't enforce the law that you swore to uphold; isn't that right?

Mr. HATHORN. Well, I sent my men out to enforce the law, and they reported back to me.

Senator TOBEY. Look, you are an older man, and so am I, and we have lived a number of years.

Mr. HATHORN. That is right.

Senator TOBEY. We had some ideas in the beginning as young men. Now, look at this: If you were a young man 18 or 20 years of age, taking a wife, and thinking about raising a family, looking ahead, you would try to feel that the name of sheriff had something to do with something that was honest, and that you would hope to get law-enforcement officers hitting the line hard for decency and religiousness, and then if you saw yourself making this report of incompetence, and nonresults, and inefficiency, wouldn't you be kind of ashamed of it?

Mr. HATHORN. Yes.

Senator TOBEY. That is all.

Mr. HALLEY. When you say your men made an investigation in August, what year are you referring to?

Mr. HATHORN. I had men traveling nights in every August I was sheriff.

Mr. HALLEY. How can you explain the fact that they failed to report to you that there was gambling going on in these joints?

Mr. HATHORN. They did not report there was gambling.

Mr. HALLEY. How could they possibly have missed it?

Mr. HATHORN. I don't know.

Mr. HALLEY. Now, quite seriously, you are a very intelligent man, and you have a good career behind you. You know as well as every man in this room that it is common knowledge that the places in Saratoga operate for gambling; isn't that right?

Mr. HATHORN. That is right. I think they have operated ever since they ran the horses there.

Mr. HALLEY. And they have gambling in the night clubs, and that is common knowledge; isn't it?

Mr. HATHORN. Yes; it is.

Mr. HALLEY. Well, as sheriff, how can you explain the fact that your men would go out each year, and come back, and go through what Senator Tobey has characterized as a farce of reporting to you that they could not find any gambling?

Mr. HATHORN. Well, that is the report they sent to me.

Mr. HALLEY. With your knowledge of common information, didn't you try to do anything about it personally?

Mr. HATHORN. I asked them to make the investigation.

Mr. HALLEY. Did you ever get into your automobile and just ride into, say, the Arrowhead Inn, and see for yourself what was going on?

Mr. HATHORN. No.

Mr. HALLEY. Have you ever been in the Arrowhead Inn?

Mr. HATHORN. Well—

Mr. HALLEY. During the season, I mean.

Mr. HATHORN. Not in 25 or 30 years.

Mr. HALLEY. Let us confine it for the present testimony to the last 5 years.

Mr. HATHORN. No, sir.

Mr. HALLEY. Have you ever been in Smith Interlochen?

Mr. HATHORN. No, sir.

Mr. HALLEY. Or the Piping Rock Club?

Mr. HATHORN. No, sir.

Mr. HALLEY. Or Newman's?

Mr. HATHORN. No.

Mr. HALLEY. Or Delmonico's formerly known as Riley's?

Mr. HATHORN. No.

Mr. HALLEY. Or the Chicago Club?

Mr. HATHORN. No, sir.

Mr. HALLEY. Or Outhwaite's?

Mr. HATHORN. No, sir; I never was in a horse room in my life.

Mr. HALLEY. These are not horse rooms; they are well-known night clubs, are they not, with entertainment, and they serve food?

Mr. HATHORN. That is right. I have never been in any of them.

Mr. HALLEY. Why not? Have you studiously avoided going into them?

Mr. HATHORN. No, I have been in Newman's at different times.

Mr. HALLEY. Well, Newman's doesn't run gambling except during the season, more generally; isn't that so?

Mr. HATHORN. I never saw gambling in Newman's.

Mr. HALLEY. Have you ever been there during the racing season?

Mr. HATHORN. I cannot remember that. I don't remember.

Mr. HALLEY. Well, having in mind the general information which you knew about, the general belief that there was gambling, did you not see fit to do anything about it yourself, personally—to go to any of these places and look for yourself?

Mr. HATHORN. No.

Mr. HALLEY. How far from Saratoga City do you live?

Mr. HATHORN. Seven miles.

Mr. HALLEY. Do you own an automobile?

Mr. HATHORN. Yes.

Mr. HALLEY. Do you from time to time go out to dinner?

Mr. HATHORN. Yes.

Mr. HALLEY. To various restaurants?

Mr. HATHORN. Yes.

Mr. HALLEY. And do you mean to say that it never occurred to you that you might go to any one of these places, in addition to having a good meal, to perform your duty?

Mr. HATHORN. I saw no evidence of gambling.

Mr. HALLEY. Well, you certainly cannot see it unless you go to look for it. How could you see it if you did not go into those places?

Mr. HATHORN. I saw no gambling rooms open.

Mr. HALLEY. You did not go to any of these places, so how could you have seen the gambling rooms open without going there to look?

(No response.)

The CHAIRMAN. Well, I think it is quite apparent that he just did not want to see them, and did not look for them.

Mr. HALLEY. How did you become sheriff? What were the events leading up to you being offered the position of under sheriff?

Mr. HATHORN. I have held public office for 36 years.

Senator TOBEY. Are you a Republican or a Democrat?

Mr. HATHORN. I am a Republican.

Senator TOBEY. I see.

Mr. HALLEY. Who offered you the post of under sheriff?

Mr. HATHORN. The man who was sheriff then.

Mr. HALLEY. What was his name?

Mr. HATHORN. Clarence McIlwaine.

Mr. HALLEY. Is sheriff an elective office?

Mr. HATHORN. Yes.

Mr. HALLEY. With whom did you discuss your nomination for the post of sheriff?

Mr. HATHORN. The Republican organization.

Mr. HALLEY. Did you talk to Mr. Jim Leary about it?

Mr. HATHORN. Yes.

Mr. HALLEY. Was there any discussion at that time about the gambling situation?

Mr. HATHORN. No.

Mr. HALLEY. I have no other questions, Mr. Chairman.

The CHAIRMAN. Isn't one of these places, Riley's Lake House, isn't that out in the country?

Mr. HATHORN. Out of the country?

The CHAIRMAN. Out in the country.

Mr. HATHORN. Out in the country.

The CHAIRMAN. Is it outside of the city?

Mr. HATHORN. Yes.

The CHAIRMAN. Well, you let that place run, too, didn't you?

Mr. HATHORN. It is what we call outside the district of Saratoga.

The CHAIRMAN. Did you do anything about closing them down this last year?

Mr. HATHORN. No, sir.

The CHAIRMAN. All right, that is all, sheriff.

Mr. SHIVITZ. The mortgages which you owned 12 years ago, and prior to that and subsequent to that, were they all recorded?

Mr. HATHORN. I think they were.

Mr. SHIVITZ. And did you hear any rumors of payoffs for the protection of any of these places in the last 5 years?

Mr. HATHORN. No, sir.

Mr. SHIVITZ. You never heard anything about that?

Mr. HATHORN. No, sir.

Mr. SHIVITZ. Did you hear anything about gambling on cock fights going on in your county?

Mr. HATHORN. Yes; and I raided one.

Mr. SHIVITZ. But you didn't know that people wagered on the outcome of those fights?

Mr. HATHORN. No; I never saw them.

Mr. SHIVITZ. Do you know that Mr. Leary owns any of those animals?

Mr. HATHORN. No; I would not know.

Mr. SHIVITZ. You never heard about that?

Mr. HATHORN. No.

Mr. SHIVITZ. Now, can you tell us about the maximum amount of cash which you would keep in your safe at home in the last 12 years?

Mr. HATHORN. The most that I ever had in there at one time?

Mr. SHIVITZ. That is right.

Mr. HATHORN. I could not answer that; I don't know.

Mr. SHIVITZ. Did you ever have as much as \$50,000 in cash?

Mr. HATHORN. No.

Mr. SHIVITZ. Did you ever have as much as \$25,000 in cash?

Mr. HATHORN. I would think so.

Mr. SHIVITZ. You did?

Mr. HATHORN. Yes.

Mr. SHIVITZ. Up to when?

Mr. HATHORN. Until I bought two pieces of property.

Mr. SHIVITZ. And how recently was that?

Mr. HATHORN. Within the last 2 years.

Mr. SHIVITZ. How much cash did you use in those transactions?

Mr. HATHORN. I used \$10,000 on one and \$13,500 on the other.

Mr. SHIVITZ. And you used cash only in acquiring those two parcels of real estate?

Mr. HATHORN. Yes.

Mr. SHIVITZ. When prior to that did you acquire real estate for cash? I use the term "cash" as distinguished from a check on a bank.

Mr. HATHORN. Yes; that is the only real estate I bought.

Mr. SHIVITZ. You only own two pieces of real estate?

Mr. HATHORN. No; I own a camp at Lake George that I have owned for 15 or 16 years.

Mr. SHIVITZ. How did you pay for that, by cash or check?

Mr. HATHORN. I cannot remember that.

Mr. SHIVITZ. With respect to the mortgages which you acquired, did you use cash or checks to pay for your interest in those mortgages?

Mr. HATHORN. I think I used both.

Mr. SHIVITZ. Both?

Mr. HATHORN. I think so.

Mr. SHIVITZ. Are there any mortgages outstanding against any of the three parcels of real estate which you own?

Mr. HATHORN. No.

Mr. SHIVITZ. They are all free and clear.

Mr. HATHORN. I own four pieces.

Mr. SHIVITZ. Four pieces?

Mr. HATHORN. Yes.

Mr. SHIVITZ. The two you acquired for cash, one at Lake George, and your home, I assume?

Mr. HATHORN. My farm, I live on a farm, or I did until I lost my wife, and that is the reason I bought this place that I did buy.

Mr. SHIVITZ. I have no other questions.

Senator TOBEY. What rate of interest did you charge on these mortgages?

Mr. HATHORN. 4 percent.

Senator TOBEY. 4 percent?

Mr. HATHORN. That is right.

Senator TOBEY. What did the savings banks charge?

Mr. HATHORN. What did they charge?

Senator TOBEY. Yes; the savings banks are looking for mortgages all the time, as you know.

Mr. HATHORN. Well, that is what I charged, I charged 4 percent. I had some at 6, and I have some at 4 and some at 5.

Senator TOBEY. But most of them at 4?

Mr. HATHORN. I would say the greatest percentage of them are.

Senator TOBEY. What did the savings banks charge on a mortgage on real estate?

Mr. HATHORN. I don't know.

Senator TOBEY. You don't know?

Mr. HATHORN. No; I don't.

The CHAIRMAN. Sheriff, why do people keep a lot of money in a safe deposit box, I mean, why do you do it? Why don't you put it in the bank?

Mr. HATHORN. Well, I cannot see any use of 1 percent.

The CHAIRMAN. Well, it is something, it is safer, isn't it?

Mr. HATHORN. Well, since the 1929 crash——

The CHAIRMAN. You have kept large amounts of money in safe deposit boxes?

Mr. HATHORN. Yes.

The CHAIRMAN. I mean, in your own safe at home?

Mr. HATHORN. Yes.

The CHAIRMAN. Aren't you afraid that somebody might carry it off sometime?

Mr. HATHORN. Well, they never have.

The CHAIRMAN. All right. That is all, Sheriff, thank you.

Mr. SHIVITZ. Remember you are still under subpoena, and if we require your presence here in the future we will advise you. In the meantime, will you please get that information for us and send it down as soon as possible?

Mr. HATHORN. I will try to get it, sir.

(Witness excused.)

The CHAIRMAN. Who is next, Mr. Shivitz?

Mr. SHIVITZ. Mr. Leary.

The CHAIRMAN. All right. Good afternoon, Mr. Leary. Will you raise your right hand and be sworn, please?

Mr. LEARY. Yes.

The CHAIRMAN. Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. LEARY. I do.

TESTIMONY OF JAMES LEARY, SARATOGA COUNTY, N. Y.

The CHAIRMAN. All right, Mr. Shivitz, will you proceed?

Mr. SHIVITZ. Mr. Leary, you are the Republican leader of Saratoga County; are you not?

Mr. LEARY. Well, that is asking a question that is real tough. I am one of the leaders up there, and I mean by that that we have a group of about 15 or 20 who make the final decisions on most of our policies.

Mr. SHIVITZ. What is your title in the Republican county organization up there?

Mr. LEARY. I have no title.

Mr. SHIVITZ. You have no title?

Mr. LEARY. No title.

Mr. SHIVITZ. Is there a county committee, a Republican county committee in Saratoga County?

Mr. LEARY. Yes.

Mr. SHIVITZ. And you are a member of that committee?

Mr. LEARY. No.

Mr. SHIVITZ. You are not a member of the county committee?

Mr. LEARY. No.

Mr. SHIVITZ. And you have no title whatsoever?

Mr. LEARY. No.

Mr. SHIVITZ. In what manner do you operate up there politically?

Mr. LEARY. Well, I will give it to you as briefly as I can.

Mr. SHIVITZ. Take your time.

Mr. LEARY. I was a young lawyer, and I was in Senator Brackett's office. He was our State senator. I was of a more mediocre class than the Senator.

He lived up on North Broadway and I lived on White Street, but I had contact or acquaintances with the ordinary individuals more than the Senator did.

While I was under his tutelage, in his law office, why, I was continuously asking favors politically of the different ones that we wanted to support our ticket.

When the Senator passed on, why, some of the burden fell to me to pay off the obligations to those I had been asking favors for, and anything I could do within reason, why, I did.

Mr. SHIVITZ. How was it in your power to do these things, by virtue of what?

Mr. LEARY. Well, at first I had an active law practice. True, that I could give advice and do favors for people who had done favors for me, and when we went into conference of our group, I would go out and campaign. I would make speeches, and travel around the county, and try to persuade people.

Mr. SHIVITZ. Now, with respect to that, Mr. Leary, the witness who preceded you here this evening, Sheriff Hathorn, has testified that he

conferred with you prior to his receiving the nomination for sheriff the first time. Do you recall that?

Mr. LEARY. No.

Mr. SHIVITZ. You do not?

Mr. LEARY. No. I will tell you, I think I had had two small law-suits for him years ago, quite a few years ago, automobile cases.

Mr. SHIVITZ. Let me interrupt you. I don't think I made myself clear. I don't mean he conferred with you professionally.

Mr. LEARY. Oh!

Mr. SHIVITZ. I mean that he conferred with you to get your support for him politically, so that he could run for the job of sheriff, the office of sheriff. Do you recall that?

Mr. LEARY. No; I won't say that he did not, but here is the way it would be settled. He would talk, I suppose, with everybody he thought had any political influence whatsoever, and then we would go into a group, and that consists of what we call high caliber individuals, and I mean by that that we would have George Tuck, we would have Ostrander, deputy commissioner of public works, our county judge, and all of them right down through, and there never was any individual that ever put the stamp on anybody to say who a candidate should be—never.

Mr. SHIVITZ. You don't recall opposing his nomination for sheriff's office?

Mr. LEARY. Opposing it?

Mr. SHIVITZ. That is right.

Mr. LEARY. I won't say I did or did not. I don't know.

Senator TOBEY. He has made a good sheriff, hasn't he?

Mr. LEARY. Yes; I would call Frank Hathorn a good sheriff; yes, I do, I would call him a high-class citizen and a very honest man.

Senator TOBEY. He has been quite a power in putting down the gambling in Saratoga, hasn't he?

Mr. LEARY. Well, as much so as any other sheriff who was ever there, I would say.

Senator TOBEY. Is that a criterion?

Mr. LEARY. Well, I don't know, your deductions, Senator, would be as good as mine.

Senator TOBEY. Well, he has been a force in putting down the gambling in Saratoga, hasn't he?

Mr. LEARY. Yes; he has been a force, definitely, he has made raids there at times.

Senator TOBEY. He has improved conditions, and he knows the gambling houses, and who is guilty, doesn't he?

Mr. LEARY. Well, you are asking for a conclusion and his mental operation. I think you have got a fair deduction there.

Senator TOBEY. That is all.

Mr. SHIVITZ. Did you know a man by the name of Pat Burns now living in Florida?

Mr. LEARY. Yes.

Mr. SHIVITZ. Will you please tell the committee where you first met him, what your relations with him were?

Mr. LEARY. Well, when our city of Saratoga Springs, in the early days, Dr. Leonard, who is a Democrat, and I am of the Republican faith, Dr. Leonard and myself and other people there that had an

interest in the community felt that we wanted to get rid of the people who were in charge at that time, we did not like the way they were conducting things.

Mr. SHIVITZ. What year was this?

Mr. LEARY. Oh, this would be 30 years ago, I should say.

Mr. SHIVITZ. Yes.

Mr. LEARY. And I met this man you speak of, Pat Burns. He was an insurance agent for one of these weekly collecting insurance companies, and he was an associate or a friend of Dr. Leonard's: I think Burns was a Democrat, I am not sure of that, and he was a committeeman up in one of the districts there in Saratoga Springs. He was active in athletics, and a good appearing fellow, and he traveled around, and I met Burns in that way. Then I knew him down through the years for a good many years.

Mr. SHIVITZ. Did you ever hear of any talk that he was a bag man for either yourself or Mr. Leonard?

Mr. LEARY. Never, and so far as I am concerned, let me say to you flatly that he never was.

Mr. SHIVITZ. Now, with respect to gambling in the city of Saratoga and the county of Saratoga, we have had testimony here all day to the effect that it is a pretty well known open secret that it flourished there in the month of August in most years. And that is gambling I am talking about. Does that statement come as a surprise to you, Mr. Leary?

Mr. LEARY. No.

Mr. SHIVITZ. And we are also informed that this could not flourish, that this condition could not exist without the connivance and cooperation of the local authorities. Do you agree or disagree with that conclusion?

Mr. LEARY. I would say that your deduction on that would be just as good as mine.

Mr. SHIVITZ. Well, what is yours?

Mr. LEARY. My deduction?

Mr. SHIVITZ. Yes.

Mr. LEARY. That I have no knowledge of what the authorities did, other than the fact of what I read.

Let me make this clear to you to start with, and maybe this will shorten it up some.

I will say this flatly, on oath and as a lawyer, that I have never been in a gambling room in Saratoga Springs, either in a club or even a horse room, and I do not bet on the horses. I have never shot dice in my life. I have never played a roulette wheel in my life. I never bought a lottery ticket in my life, and I don't smoke, and I have never had a straight drink of liquor in my life. I have had a glass of beer after I became 35 and I was anemic, on prescription of a doctor. That started me on the path a little bit, because I will take a glass of beer and a glass of wine, but never a straight drink of liquor.

Senator TOBEY. Well, we have not had many such paragons of virtue before us.

Mr. SHIVITZ. Well, I feel that your many virtues should be complimented, and I commend you for them, but I think, in the interest of what you started out to do, to shorten the hearing, it would be better if you would respond to questions and did not volunteer information.

Then at the conclusion of your testimony the committee will give you an opportunity to make any statement you wish, within reason.

You can be certain that Joe Louis' wife, if he had a wife, probably never engaged in a prize fight, but she probably enjoyed many of the benefits of Mr. Louis' art or ability in that connection, without being a fighter herself; isn't that so?

Mr. LEARY. Well, again you are asking for conclusions.

Mr. SHIVITZ. All right; let's get back to the questions. You are a resident of Saratoga, are you not, and you have been for many years?

Mr. LEARY. Yes.

Mr. SHIVITZ. And you usually spend the month of August in the city of Saratoga, don't you?

Mr. LEARY. Yes.

Mr. SHIVITZ. Or in the immediate vicinity thereof?

Mr. LEARY. Yes.

Mr. SHIVITZ. Does it come as a surprise to you that these places operated in Saratoga?

Mr. LEARY. No.

Mr. SHIVITZ. Now, were you aware of the fact that in the year 1947 the State police made an investigation and a report on gambling conditions in the city of Saratoga?

Mr. LEARY. I cannot tell you the year, but I would not be a bit surprised. I don't know. I don't remember the particular year or the particular investigation. I don't recall it.

Mr. SHIVITZ. And do you know whether they ever stepped in to stop gambling in Saratoga?

Mr. LEARY. I know there was a raid. That was a great many years ago.

Mr. SHIVITZ. Well, let us confine ourselves to the past 5 years.

Mr. LEARY. To 1947?

Mr. SHIVITZ. Yes.

Mr. LEARY. I don't recall. I know there have been raids there, but I don't recall the year, the more recent ones.

If you will give me some data on what they raided, and all that I might be able to tell you. But I will say that I never saw the raid or took part in it, or knew anything about it in any way.

Mr. SHIVITZ. That would not come under your duties?

Mr. LEARY. No.

Mr. SHIVITZ. You hold no official position?

Mr. LEARY. That is right.

Mr. SHIVITZ. Did you ever discuss the condition of gambling with any of the officials of the county or the city of Saratoga?

Mr. LEARY. No.

Mr. SHIVITZ. And did you ever discuss any of these conditions—do you know one Patty Grennon?

Mr. LEARY. Yes.

Mr. SHIVITZ. What does he do?

Mr. LEARY. Patty Grennon lives in Schenectady. He was a molder in the American Locomotive Works, and I had a case for Patty Grennon in my early days, that must have been 30 or 35 years ago, and his brother runs a liquor store there. I have known Patty Grennon. He has had matters in the office in Schenectady, not the Saratoga office, but in the Schenectady office, pertaining to affairs connected with his family and the liquor business.

Mr. SHIVITZ. Now, is it not a fact that for the past 8 or 9 years Mr. Grennon has made his office pretty much with you and has served you in many capacities?

Mr. LEARY. No.

Mr. SHIVITZ. Not at all?

Mr. LEARY. When you say served me, he never worked for me. He was never employed by me.

Mr. SHIVITZ. Does he run any minor errands for you?

Mr. LEARY. No.

Mr. SHIVITZ. Or arrange conferences?

Mr. LEARY. No.

Mr. SHIVITZ. Or does he see people for you?

Mr. LEARY. No.

Mr. SHIVITZ. In what capacity did you have contacts with him for the past 8 or 9 years?

Mr. LEARY. I mean, this I can recall, of his coming to the office at one time and asking if I would take a \$10,000 mortgage on a piece of property. I said it all depended on the quality of the mortgage. He described the property, and he said, "Does it make any difference if I make anything on this?" I said, "No."

So I went and looked at the property, and took the mortgage, and I found out later that he bought the mortgage from an estate for \$9,000, and I gave him \$10,000 for it, so he made the \$1,000.

Mr. SHIVITZ. Were you in any other mortgage transactions with him?

Mr. LEARY. No.

Mr. SHIVITZ. That is the only one?

Mr. LEARY. Yes.

Mr. SHIVITZ. Now, that is for the past 8 years, that is the only contact you ever had with him?

Mr. LEARY. I have seen him.

Mr. SHIVITZ. Have you been out with him?

Mr. LEARY. No.

Mr. SHIVITZ. Socially?

Mr. LEARY. No.

Mr. SHIVITZ. Have you visited with him—or rather, has he visited you at your office?

Mr. LEARY. No.

Mr. SHIVITZ. Now, do you know Victor Urquhart?

Mr. LEARY. Yes.

Mr. SHIVITZ. What is your association with him?

Mr. LEARY. He lived next door to me when I lived on White Street in Saratoga. I think he was born there. I am not sure, but I think he was born there. I knew his family in that way.

Mr. SHIVITZ. Do you have any contacts with him?

Mr. LEARY. Yes; I have had business for him and for his sister, I think even now in the last few months his sister has consulted me about a matter.

Mr. SHIVITZ. Now, would you say that in the month of August, in the years 1947 and 1948, that you frequently saw Mr. Grennon on Sundays?

Mr. LEARY. No.

Mr. SHIVITZ. If you do see him on a Sunday it is merely a coincidence?

Mr. LEARY. Yes.

Mr. SHIVITZ. And with respect to Mr. Urquhart, do you know what business he is in?

Mr. LEARY. Well, if you want hearsay.

Mr. SHIVITZ. Yes.

Mr. LEARY. This is pure hearsay. I understand that he takes bets on horses.

Mr. SCHIVITZ. Does he run any of these gambling establishments?

Mr. LEARY. Not that I know of.

Mr. HALLEY. Now, Mr. Leary, you know Joe Hanley, of course?

Mr. LEARY. Yes.

Mr. HALLEY. And you know Kingsland Macy?

Mr. LEARY. Who?

Mr. HALLEY. Kingsland Macy.

Mr. LEARY. Yes.

Mr. HALLEY. During the month of September 1950 Mr. Hanley wrote a rather famous letter to Mr. Macy, is that right?

Mr. LEARY. Yes.

Mr. HALLEY. Would you tell the committee what you know about that situation?

Mr. LEARY. Well now, gentlemen, let me put myself on record on this record: I think a great deal of Joe Hanley. He is a minister of the gospel, a Presbyterian minister, and as lawful an individual as you ever met. I have known him for a good many years, and I do know about that letter, in that I got a copy of it.

Now, here is what I want to get clear. I don't like to even speak about poor Joe, who is 74 years of age, and I don't feel that it has anything to do with crime. In fact, I know that it has not. Therefore, I would rather not tell anything that would impair or hurt or injure Joe Hanley in any way. Have you jurisdiction to ask a question of this kind?

Mr. HALLEY. Well, Mr. Leary, the committee has given that careful consideration, and you must bear this in mind, that this is an executive session, and if we fail to tie it up I will personally undertake to ask the committee to drop the testimony, but at this point we would like to get this testimony, subject to its being connected with crime.

Mr. LEARY. This is not for the press or for publication, is it?

Mr. HALLEY. The present hearings will not be made public until some later time.

The CHAIRMAN. We had quite a discussion about the Hanley letter.

Mr. LEARY. Is this Senator Kefauver?

The CHAIRMAN. Yes; I am Senator Kefauver.

We had some considerable discussion about the matter and there is the theory upon which this committee might have jurisdiction to go into that problem. As of the present time I don't know, but we would like to get the story, and unless we connect it up with something so that we do have jurisdiction of it, it will be stricken from the record.

Mr. LEARY. Senator, I want to be honest and open with you. I feel that this smacks of politics, you know, and I hesitate to answer, but if you insist I will answer and I will tell you.

The CHAIRMAN. We will ask you to answer, Mr. Leary.

Mr. LEARY. All right.

On Tuesday, September 5, while the Republican convention was about to convene, I think that was on a Tuesday, the 5th of September, I received a copy of a letter that was reported to be addressed to Kingsland Macy.

My copy I received at the Grand Union Hotel in Saratoga Springs, I would say about 8:30 o'clock in the evening.

Our county chairman, William E. Benton, had been ill, and he had asked me to attend the meeting in the Grand Union Hotel that evening, where the county committeemen met to see who they would name for the State committeemen. I was at that meeting. Mr. Macy was there.

When he came out of there we met, and I said to him, "I have a copy of your letter that Joe wrote."

He said to me—now, no one has this yet, and I hope it will not be used for political purposes—but he said to me, "I have not received the letter." Well, I said, "I got it by messenger as it was brought up from Albany, and I understand the original has been left at the Gideon Putnam Hotel, 2 miles below here."

Then I said, "You will get it."

Then he said, "Can I see the copy?" I said, "Yes; it is your letter," and I handed him the copy I had received.

My copy did not bear the stationery heading that you would get on an original letter, it was just a copy. But my letter had the words on the envelope that I received, which was addressed to me, not to Mr. Macy, "Personal and confidential," and I treated it as such, and no man that lives today or that lived at that time has ever seen that letter other than Mr. Macy.

That is the story of that.

MR. HALLEY. When you showed the letter to Mr. Macy, did you say anything about its containing contents that would be sufficient to break up the convention, or anything similar to that?

MR. LEARY. No.

MR. HALLEY. Did you mention to anybody but Mr. Macy that you had the letter?

MR. LEARY. I think that—no; never that I had that letter. Never did I say that I had that letter. I think that in the lobby my incentive—I have got to tell it this way—my incentive was for Joe Hanley to run for Lieutenant Governor of the State, and let it go at that.

That was because I understood that this letter said in effect that Joe was not going to insist upon running for Governor. Then there was talk of running him for United States Senator and I said to Joe, "Joe, it would be your death now if you were to get down there in new surroundings, everything new to be learned over again at your age of 74, and your condition of health. Don't do it."

We were awaiting the word as to whether he should insist upon running for Lieutenant Governor or would run for United States Senator, and that was the letter that I was expecting or the word that I was expecting to get, and I did not know that it was coming in letter form, and I had nothing to do with the writing of that letter. In fact, I could not write a letter like that. If you read it, you will see that it is a letter of a minister of the Gospel. Here is a man who was having a controversy with Mr. Macy. What does he do? Does he say, "You are to blame, Macy," and Macy, "You are

to blame," back, as ordinarily happens? He says in effect, "Forgive me; I have let you down."

Now, I could never write a letter like that. It is not in my make-up. I have been a trial lawyer. I could not do it. It is not in me, and that letter, I say to you now, I never gave it out to anybody at any time in any way.

The CHAIRMAN. Mr. Macy got his original letter somewhat later?

Mr. LEARY. Did he get it?

The CHAIRMAN. Yes.

Mr. LEARY. All I know about that again is hearsay, in this respect: I read in the paper that he claimed that he had seen the letter 15 hours before he got his original letter. Now, I have met Mr. Macy but little, very little, but I do not question Kingsland Macy's integrity, that is possible, but it is improbable. All he had to do was to go down from the Grand Union Hotel to the Gideon Putnam, and it is fair to assume that he had gone down to get his rest, and should—

Mr. HALLEY. I have Mr. Macy's statement. I don't think it is fair to disclose it now, no more than would I disclose the Leary statement. I have his statement on that matter.

Mr. LEARY. Then this is the next morning, you would think he would get the letter anyway.

Mr. HALLEY. Didn't you get the letter the day it was written?

Mr. LEARY. Tuesday, September 5; yes.

Mr. HALLEY. It was sent by messenger from Albany?

Mr. LEARY. The same messenger who delivered his original letter.

Mr. HALLEY. Did it come to you as a complete surprise?

Mr. LEARY. I was expecting word from Joe as to whether he would insist upon running for lieutenant governor. I never expected the letter until that afternoon, when I come in the office I was told that a messenger was to be sent to me. I waited in my office. I got back to the office that afternoon after seeing my sick friend, Bill Benton, who is in the moving-picture business, with me, and our county chairman, and I got back to the office, I think, about 5 o'clock. I waited until 6, and there was no letter, so I had a bite to eat, and down I went to the Grand Union Hotel, and did not get the copy until about half past 8.

Mr. HALLEY. When you showed the letter to Mr. Macy did you not say anything about the letter causing a furor or comment on it in any way?

Mr. LEARY. I don't recall any such statement. I cannot remember the exact words I used. I don't think so. I think just as I remember it, that he read it, and kind of turned as much as to say, "Well," with no words or no comment.

Mr. HALLEY. And you did not comment on it?

Mr. LEARY. I do not recall of any comment that I made.

Mr. HALLEY. And you did not comment to anybody else about the letter in any way?

Mr. LEARY. The only inference or talk of a letter that I ever had with anyone, I would think, was possibly the next morning, again in the lobby of the Grand Union Hotel, when I ran into Frank Moore, our then comptroller, and now lieutenant governor, and I said that, "Well, I understand that you are a prospective candidate for lieutenant governor, and it looks as though the way is clear for you." There was nothing more than that.

Mr. HALLEY. You did not say anything to anybody about there being a letter or some document that would be a bombshell or that would break up the convention, or anything like that?

Mr. LEARY. No.

Mr. HALLEY. Did you have any part whatsoever in the drafting of the letter?

Mr. LEARY. Never.

Mr. HALLEY. You never knew that a letter of that general type was being drafted?

Mr. LEARY. No.

Mr. HALLEY. Now, have you ever represented any of the night clubs or gambling houses at Saratoga?

Mr. LEARY. Let me put this on the record, first: Of all these men that were out there today, I never, I never saw this fellow Costello until out in the outer room, if he was the right man who was pointed out, never in my life, I have never seen any of that crowd, never spoken to them, never met them or spoken to them, any of them.

As to this fellow Weiss, who lives in Saratoga, I know his history from the publicity that has been had there, and the things he has done, and his reputation from the papers, but I have had nothing to do with him.

The only man that I have had any business with who runs any club or lake house is Gerard King, who runs Newman's, which is the only club that is open year around, and I have not even personally handled his matters. It pertained to a condemnation suit by the State for a highway that took part of his property down near Ballston some place, and one of the men in my office handled that.

Mr. HALLEY. And you did not represent King in any other manner?

Mr. LEARY. Represent whom?

Mr. HALLEY. Gerard King?

Mr. LEARY. No.

Mr. HALLEY. Have you represented Smith's in any way?

Mr. LEARY. Who?

Mr. HALLEY. Smith's Interlochen.

Mr. LEARY. No.

Mr. HALLEY. Or the owners of Smith's?

Mr. LEARY. No.

Mr. HALLEY. Or the Piping Rock Club?

Mr. LEARY. No.

Mr. HALLEY. Edward McEwan?

Mr. LEARY. No. Did you say Edward Ewing?

Mr. HALLEY. McEwan.

Mr. LEARY. No.

Mr. HALLEY. Or none of the other casinos or night clubs have been represented by you at any time?

Mr. LEARY. Not that I could recall—wait a minute, if you go back about 30 years, when I was just starting out, I think it was about 30 years ago, there was a fellow named Nat Evans who was said to own the Brook on Church Street, a night club there, and he was being brought back from the West for some charges against him, and whoever the deputy was who was bringing him back, he recommended me as his attorney, and I believe I was Evan's attorney in that matter. That was 30 years or more, maybe longer.

Mr. HALLEY. You have not represented any of the clubs, however, within the last say 10 years?

Mr. LEARY. No, never.

The CHAIRMAN. All right, let us get on.

Mr. HALLEY. No other questions.

The CHAIRMAN. Do you have any questions, Mr. Shivitz?

Mr. SHIVITZ. Do you know a place called McFinn's Drug Store?

Mr. LEARY. Yes.

Mr. SHIVITZ. Did you have a mortgage on that place, or do you?

Mr. LEARY. No; I don't think you have got that right. Here is what I think it is there. McFinn owned a drug business in Schuylerville, one at Bakers Mills, and one at Hudson Falls, and I persuaded him to come in to Saratoga and open a drug store there. He was vice president of the Saratoga National Bank. McFinn Drug is a corporation, and I owned half the stock.

Mr. SHIVITZ. Did you get that as a result of an original investment, or as a result of prior indebtedness of McFinn to you?

Mr. LEARY. I think that was originally, he and I had lots of real estate deals and I have loaned him vast sums of money.

Mr. SHIVITZ. Do you still have a 50-percent interest?

Mr. LEARY. In the McFinn Drug Co.?

Mr. SHIVITZ. Yes.

Mr. LEARY. I own all of the stock.

Mr. SHIVITZ. You own it all now?

Mr. LEARY. Yes.

Mr. SHIVITZ. And were there unrecorded mortgages in that as the result of your deals with Mr. McFinn which only came to light subsequent to his demise?

Mr. LEARY. I don't think so.

Mr. SHIVITZ. Well, don't you know?

Mr. LEARY. No; I don't. Listen to me, my memory is not infallible, you know.

Mr. SHIVITZ. I mean recorded mortgages running to you?

Mr. LEARY. To me?

Mr. SHIVITZ. Yes.

Mr. LEARY. No.

Mr. SHIVITZ. Who is the surrogate in your county?

Mr. LEARY. George O. Tuck.

Mr. SHIVITZ. Who preceded him?

Mr. LEARY. Judge Ostrander.

Mr. SHIVITZ. That is all.

The CHAIRMAN. Let me ask this: Do you own any land that you rent to any of these clubs?

Mr. LEARY. No.

The CHAIRMAN. Is it fair to say that the political leaders up there on both sides do not expect anything to be done about these gambling places in Saratoga?

Mr. LEARY. I could not say about that. I will tell you what, I could not say about that. I am telling you now, that I am influential in a way, in a certain degree up there, in politics, through all these years with the different things that have gone on, and I do a favor for this one, and they have done a favor for me, and the like, but I don't know about that.

The CHAIRMAN. Well, I mean, is it the feeling that it would hurt business, and what not?

Mr. LEARY. They have that general impression up there, that is so. But I don't know that it would, and by Jove, if they would take the waters up there, gentlemen, let me say this to you, if they would just take the waters up there, and if any of you—I run this drug store on Market, and they would starve to death if they had to depend upon me to buy any medicine there, but at the Breakers Hotel in Palm Beach, we have the waters there, we have got the finest baths in the world there. I would rather have a healthy growth than one of the things that is a fluctuating thing with some of the elements tied in with it. That is very definite.

If you gentlemen see fit to inquire, you ask who my associates are, and you ask who visits my home, and ask how I run my family.

The CHAIRMAN. Who are your associates?

Mr. LEARY. I have a niece, and I say to you this, I think you brag about your own, but I have got a niece, Ruth Wallace, who is received by the finest people in this country, who goes all the way, and that statement goes all the way from Mrs. Elliott, whose mother wrote the Battle Hymn of the Republic, that goes up to the finest society people in this country today. She is beyond reproach in every way.

The CHAIRMAN. Do you have a family of your own?

Mr. LEARY. Just my niece and myself.

The CHAIRMAN. You do not have a wife?

Mr. LEARY. No.

The CHAIRMAN. Anything else, gentlemen?

Mr. HALLEY. That is all.

Mr. SHIVITZ. No.

The CHAIRMAN. Thank you, Mr. Leary.

Mr. LEARY. Thank you, gentlemen, even though I did not get my plane back; but it is nice of you to sit with me.

There is one thing I want to say to you Democrats, and that is this, never mind the 40-hour week, that is less than 6 hours a day, make them work more, the whole darn bunch of them, make them work and create. It makes things cheaper, and everybody is better off in the final end.

The CHAIRMAN. Well, that is pretty good political advice, Mr. Leary.

Mr. HALLEY. Good night.

Mr. LEARY. Good night.

(Witness excused.)

The CHAIRMAN. Now who are we going to call?

Mr. HALLEY. Joseph Henschel.

The CHAIRMAN. Good evening. Counsel, what is your name?

Mr. SCHWARTZ. Arthur H. Schwartz.

The CHAIRMAN. And your address, sir?

Mr. SCHWARTZ. 19 East Seventieth Street.

The CHAIRMAN. All right. Mr. Henschel, will you raise your right hand and be sworn, please?

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. HENSCHEL. I do.

TESTIMONY OF JOSEPH HENSCHEL, NEW YORK, N. Y., ACCOMPANIED BY ARTHUR H. SCHWARTZ, ATTORNEY

Mr. HALLEY. What is your full name, Mr. Henschel?

Mr. HENSCHEL. Joseph Henschel.

Mr. HALLEY. What is your occupation?

Mr. HENSCHEL. Manufacturer.

Mr. HALLEY. Of what?

Mr. HENSCHEL. Ladies' suits.

Mr. HALLEY. How long have you been in that business?

Mr. HENSCHEL. Thirty-seven years.

Mr. HALLEY. Do you have any partners?

Mr. HENSCHEL. Yes, sir.

Mr. HALLEY. Who are they?

Mr. HENSCHEL. Jacob Siegel and Philip Alenikoff.

Mr. HALLEY. How long have you been with them?

Mr. HENSCHEL. With them 37 years.

Mr. HALLEY. What is the name of your business?

Mr. HENSCHEL. Siegel and Alenikoff.

Mr. HALLEY. Mr. Henschel, you at one time were treasurer of Tammany Hall; is that right?

Mr. HENSCHEL. That is right.

Mr. HALLEY. During what years was that?

Mr. HENSCHEL. That must have been sometime in 1948 or 1949. When was the election of Tammany Hall? I was treasurer of Tammany Hall when they run O'Dwyer for mayor.

Mr. SCHWARTZ. That was 1949.

Mr. HALLEY. Who asked you to serve as treasurer?

Mr. HENSCHEL. Mr. Charlie Silver, who was a very dear friend of mine, asked me, and I told him I would think it over.

Mr. HALLEY. With whom else did you discuss it?

Mr. HENSCHEL. He called up Tular Rogers one day, and he insisted upon me taking it. In fact, we met at Toots Shor's, and I told him I would take it.

Mr. HALLEY. How long have you known Rogers?

Mr. HENSCHEL. Just casually; not very well.

Mr. HALLEY. Not for many years?

Mr. HENSCHEL. No, no; I have not.

Mr. HALLEY. Had you previously belonged to any political club or association?

Mr. HENSCHEL. Yes; Tammany Hall.

Mr. HALLEY. You belonged to Tammany Hall.

Mr. HENSCHEL. Yes.

Mr. HALLEY. For how many years?

Mr. HENSCHEL. Oh, I could not remember; a lot of years.

Mr. HALLEY. Many years?

Mr. HENSCHEL. Yes.

Mr. HALLEY. Have you held any political office previously?

Mr. HENSCHEL. No.

Mr. HALLEY. None whatsoever?

Mr. HENSCHEL. No.

Mr. HALLEY. Had you belonged to any district club?

Mr. HENSCHEL. Well, I was a member of Tammany Hall, but I never went to a club in my life.

Mr. HALLEY. How long have you known Frank Costello?

Mr. HENSCHEL. Frank Costello?

Mr. HALLEY. Yes.

Mr. HENSCHEL. I know him for about, oh, I should say about 5 years?

Mr. HALLEY. Who introduced you to Frank Costello?

Mr. HENSCHEL. Who introduced me to Frank Costello?

Mr. HALLEY. Yes.

Mr. HENSCHEL. His wife introduced me to him.

Mr. HALLEY. Who introduced you to his wife?

Mr. HENSCHEL. Well, I knew Mrs. Costello for a number of years, through the Italian local of the International Garment Workers' Union. They used to come in from the Italian orphanage to collect clothing. She came up with a few ladies for a number of years, and then one time she came up with a gentleman. I have always sent them clothes. I don't remember just how, but I do remember that, I don't know if it was at Dinty Moore's, I think it was at Dinty Moore's, if I recollect, and she told me that she was going to the theater that night, and she was sitting with Mr. Costello and some other couple, so she introduced me to him.

Mr. HALLEY. That was about 5 years ago?

Mr. HENSCHEL. Althought I knew Mrs. Costello a few years before that.

Mr. HALLEY. Have you known Mr. Costello more or less on a close basis?

Mr. HENSCHEL. No.

Mr. HALLEY. What has been the nature of your relationship?

Mr. HENSCHEL. Well, I have seen him to say, "Hello," and I have probably seen him once in 6 months, maybe once in a year.

Mr. HALLEY. Did you ever go to their home?

Mr. HENSCHEL. No.

Mr. HALLEY. Did you ever go out to any place with them?

Mr. HENSCHEL. No; no, sir.

Mr. HALLEY. In your capacity—well, before we get to that, you had a transaction in which you made a Cadillac automobile available to the Costellos; did you not?

Mr. HENSCHEL. Yes; and I will tell you how that happened. I was, in fact, questioned about this some time ago, 4 or 5 weeks ago, and it slipped my mind. This must have been sometime in 1945 or 1946.

Mr. HALLEY. Who questioned you about the Cadillac?

Mr. HENSCHEL. Somebody from the Kefauver committee.

Mr. HALLEY. You mean one of our investigators?

Mr. HENSCHEL. That is right. Of course, I did not know and I refreshed my memory, and about 1945 I went and gave \$100 as a deposit for a Cadillac car to the Cadillac people. I waited quite some time, until some friend of mine told me that he would get me a 7-passenger. That was sometime in 1947, I should say. I took that 1947 car, and I bought that, and I kept that other contract.

Mrs. Costello came up with some little fellow she introduced as some Italian professor, and when I made the package for her, my boys gave her the package and I said, "How are you taking it?" She said, "I have a cab." She said, "If I had a car I could not park anyway."

I said, "Mrs. Costello, I have a car contract, and I have a \$100 deposit, you can have it as of when they deliver it."

Well, she was very happy about it. I gave it to her. About 2 days later the people called up and said that they did not transfer; you have to go in rotation. Mr. Clark told me the only way I could sell her the car was providing I wait for it, and then when I get it, take title to it, and then transfer it to her.

Mr. HALLEY. How long after that conversation did the car come through?

Mr. HENSCHEL. I could not exactly tell you. I think the gentleman who examined me told me that it was May 18. I think he got that data from them.

After he got through, I says to him, "Why did you call me for anything like that?" I said, "What do I have to do with these things? I am quite a reputable businessman, the largest in my industry, I am well thought of and respectable."

He said, "Who can answer a question like that but you? You had the title of the car."

Mr. HALLEY. What year was that?

Mr. HENSCHEL. That must have been, I think he said May 1948, it was delivered to her.

Mr. HALLEY. May of 1948?

Mr. HENSCHEL. Yes; it was delivered to me, rather, and I transferred it in May of 1948; I believe it was then.

Mr. HALLEY. Did you ever have any discussions with Costello with reference to your becoming treasurer of Tammany Hall?

Mr. HENSCHEL. No, sir; at no time.

Mr. HALLEY. Did you ever, while you were treasurer, solicit him for a contribution?

Mr. HENSCHEL. No, sir.

Mr. HALLEY. Did you ever get any?

Mr. HENSCHEL. No.

Mr. HALLEY. Or from his wife?

Mr. HENSCHEL. No, sir; never.

Mr. HALLEY. Did Mr. Fay question you with reference to the Yonkers Raceway?

Mr. HENSCHEL. Yes.

Mr. HALLEY. What is the nature of your participation in the Algam Corp.?

Mr. HENSCHEL. I am a 25-percent stockholder of Algam Corp.

Mr. HALLEY. Who first interested you in this proposition?

Mr. HENSCHEL. Nat Herzfeld.

Mr. HALLEY. What were the circumstances?

Mr. HENSCHEL. Well, Nat Herzfeld seemed to have a friend of his working on that deal. They had a syndicate, and they worked on it for quite a while, and they were negotiating with the Butlers for some time, and it fell through.

One night Nat said that this would be a wonderful thing if it could be revived again. He said, "How about us trying to get Judge Blakely." We found out that Judge Blakely was their attorney. We had another associate of ours, a friend of ours, Arthur Lynch, who knew most all about this transaction there, and we started working on that again, and got in touch with Judge Blakely, and we consummated the sale.

It seemed that the Metropolitan Life Insurance Co. offered \$2,100,000 or \$2,200,000, and we got it at \$2,400,000.

Mr. HALLEY. The track at that time had been constructed?

Mr. HENSCHEL. Yes; it had been, but it needed some setting up and fixing up. It had been running as flat racing at that time and not trotting.

Mr. HALLEY. And it needed conversion to trotting?

Mr. HENSCHEL. That is right.

Mr. HALLEY. There was also a problem about getting a date from the State racing commission; was there not?

Mr. HENSCHEL. Yes; we could not get any dates at all. In fact, that is why we took on Bill Kane's franchise from Goshen. Mr. Kane—you see, there is only a certain amount of licenses issued, and we couldn't get any, unless we waited our turn. Mr. Kane saw that this had potentialities that were so great and so much better than Roosevelt, where he was running, that he suggested and came to us with the proposition that we take him in on this thing, and that we permit him to run on our track.

Mr. HALLEY. You made certain arrangements with the Roosevelt Raceway; did you not?

Mr. HENSCHEL. Roosevelt had to release Mr. Kane, you see, so that he could come with us.

Mr. HALLEY. Well, his dates did not come with him. Where did you get your racing dates?

Mr. HENSCHEL. We got Mr. Kane's dates.

Mr. HALLEY. Did he give up the track at Goshen altogether?

Mr. HENSCHEL. He never run at Goshen; he run at Roosevelt.

Mr. HALLEY. He was at Roosevelt with those dates?

Mr. HENSCHEL. That is right.

Mr. HALLEY. What arrangement was made? In fact, Roosevelt runs a track?

Mr. HENSCHEL. Yes; Roosevelt runs a track.

Mr. HALLEY. Who runs Yonkers?

Mr. HENSCHEL. Kane is supposed to run Yonkers Raceway, because he owns the franchise, the license; he pays us rent and pays us a percentage; he pays 1 percent of that, which is nine-tenths, actually, of 1 percent rent, which is the customary rent of tracks.

Mr. HALLEY. Do you get any percentage of the profits?

Mr. HENSCHEL. That is right. Then we get 50 percent of the gross of \$1,800,000, and 60 after that, and they get 40; Kane does.

Mr. HALLEY. Does Roosevelt Raceway participate?

Mr. HENSCHEL. Roosevelt Raceway participates, to my knowledge I couldn't say, but I do understand that Mr. George Levy has stock with Kane, part of Kane's stock.

Mr. HALLEY. He has part of Kane's stock?

Mr. HENSCHEL. That means Yonkers, not of Algam. Algam is our own.

Mr. HALLEY. From whom do you understand that George Levy has part of it?

Mr. HENSCHEL. It is supposed to be public knowledge that he has.

Mr. HALLEY. Well, Kane operates the track himself; is that right?

Mr. HENSCHEL. Well, he does not, he operates it with Mr. Herzfeld, who is our director. We have an agreement that the two of them should run it, in other words he should have full say.

Mr. SHIVITZ. Mr. Henschel, isn't it a fact that there is a separate corporation on which there are books and records, part of which books and records represent the Kane interest, and part the interest of Algam, and part of which represent the Roosevelt interest?

Mr. HENSCHEL. We have nothing to do with Roosevelt, just Kane and Algam.

Mr. SHIVITZ. And Algam, in effect, is a realty owning corporation, which owns real estate at Yonkers Raceway?

Mr. HENSCHEL. That is right.

Mr. SHIVITZ. But they participate by virtue of certain contracts which have been made available to this committee as a result of the operations?

Mr. HENSCHEL. That is right.

Mr. SHIVITZ. And in order to have those operations, it is necessary for the organization that Mr. Kane represents to give its time and to use the Yonkers facilities for meets?

Mr. HENSCHEL. Well, there is another reason for it. You see, Mr. Kane is a very old gentleman. I think Mr. Kane is about 80 years old, and Mr. Herzfeld, our executive director of Algam, is a very capable and, well, a very good sporting man, and I know that if we left Kane alone it would not work as nicely as it does with Herzfeld.

Mr. HALLEY. Your need for Kane was in order to get racing dates, is that it?

Mr. HENSCHEL. That is right.

Mr. HALLEY. How is it that Kane controls certain racing dates?

Mr. HENSCHEL. Well, the racing commission gives him those dates for many years. They don't change.

Mr. HALLEY. They had given Kane those dates?

Mr. HENSCHEL. That is right.

Mr. HALLEY. He had them at Goshen; is that right?

Mr. HENSCHEL. He had them at Goshen, and he run the Goshen dates at Roosevelt.

Mr. HALLEY. And the State racing commission had given Kane, though 80 years old, not well-qualified, permission to run a track?

Mr. HENSCHEL. Well, I would not say that he is not well-qualified.

Mr. HALLEY. Well, he has to keep Herzfeld with him.

Mr. HENSCHEL. Don't forget we have a lot of money invested and we would not want an old gentleman like that to have full say. If we do not agree, we have an agreement that we will go to arbitration. We have never had to do that.

Mr. HALLEY. But in any event, he first went to Roosevelt with his dates?

Mr. HENSCHEL. That is right. He had the Roosevelt dates, and gave them to us.

Mr. HALLEY. And Roosevelt related them on the condition that he come to you?

Mr. HENSCHEL. That is right.

Mr. HALLEY. And he came to you with his dates?

Mr. HENSCHEL. That is right.

Mr. HALLEY. Who financed the expenses of the operating corporation which runs the raceway?

Mr. HENSCHEL. Well, Mr. Kane had somebody in there, he deposited some money with the Harriman National Bank, and it did not require a lot of money for operating then; they had their own corporation.

MR. HALLEY. How much did it take?

MR. HENSCHEL. There were several hundred thousand, I think he had.

MR. HALLEY. Who put up the money?

MR. HENSCHEL. Who put it up?

MR. HALLEY. Did Algam put up any money?

MR. HENSCHEL. Not in the operating company.

MR. HALLEY. Nothing in the operating company?

MR. HENSCHEL. No, sir.

MR. HALLEY. Who put the money up in the operating company?

MR. HENSCHEL. Kane.

MR. HALLEY. Kane alone?

MR. HENSCHEL. That is right.

MR. HALLEY. Do you know where he got it?

MR. HENSCHEL. Well, he has been in the business for a number of years. They had the Hambletonian for 30 years or so. He is that famous Kane who runs the Hambletonian at a loss of \$50,000 or \$75,000. He is really a horse character, this Kane.

MR. HALLEY. Did he get some money to operate from Levy?

MR. HENSCHEL. I could not say. I don't think so.

MR. HALLEY. Levy bought stock in the company?

MR. HENSCHEL. He had stock in the company prior to coming with us; Levy did not get his stock from Kane. Now, he had an interest with Kane, even though he was running at Roosevelt.

MR. HALLEY. I see.

MR. HENSCHEL. It was not a new venture at all.

MR. HALLEY. Now, by virtue of a contract, what right does Herzfeld have in the direction of the operating company? How much does he have to say?

MR. HENSCHEL. Well, he has practically a 50 percent say, so far as our handling of the help, how many people we need in the mutual windows. He gets all the statistics. He is a little better on figures than Kane, and they work it out together.

MR. HALLEY. Who picks the managers and such?

MR. HENSCHEL. Kane does.

MR. HALLEY. Kane picks the personnel?

MR. HENSCHEL. That is right.

MR. HALLEY. Does Herzfeld have a veto?

MR. HENSCHEL. He does not really have a veto power, but if a man is not suitable or is not good for the company, he can come in and complain and then go to arbitration on it.

MR. HALLEY. Prior to making the deal had Algam for some years been attempting to get a license?

MR. HENSCHEL. No; it was not a question only of probably a year or 8 months. We could not very well get it. We would have to miss at least another year.

MR. HALLEY. And to avoid that loss—

MR. HENSCHEL. Practically speaking, we were known, most of us, as Democrats, and we had a Republican regime, and we felt that God knows how long they would push us around until we would get it, because the racing commission, as a rule, is appointed by the Republican Governor, and our chances would be kind of slim. The deal we made was not the best deal that could be made, but it was better than being unable to operate.

Mr. HALLEY. Is Kane a Republican?

Mr. HENSCHEL. I would not know, practically speaking, what Kane is. I really would not know. I know the racing commissioners are all Republicans, and I know that those things are not easily done. Besides, they could not give us dates unless they added another license. I believe there are seven licenses issued for the State, and they would have to make an eighth one, and if they made an additional one for us, there would be two or three others who had been waiting for one who would be disgruntled, and the Governor could not put through one. There would be no reason to give us one and not the other two.

Mr. HALLEY. Who had enough influence with the administration—

Mr. HENSCHEL. No one.

Mr. HALLEY. May I finish my question, please.

Mr. HENSCHEL. Yes.

Mr. HALLEY. Who had enough influence to get the little signs put up along the parkway, pointing to Yonkers Raceway? Do you know about those signs?

Mr. HENSCHEL. No.

Mr. HALLEY. You have driven out to the raceway, haven't you?

Mr. HENSCHEL. Oh, sure. Well, I think the township would do that. It is easier for their traffic. What does the sign cost? Fifty cents or a dollar? How much does the sign cost?

Mr. HALLEY. Well, you have driven up the parkway?

Mr. HENSCHEL. Sure, often.

Mr. HALLEY. Did you ever notice a sign advertising any other enterprise, on any of the other parkways?

Mr. HENSCHEL. No, but they never had anything like that. We have had as high as 25,000 people there and I think the cost is so minute, I don't think that a sign costs over a dollar, it is just a little arrow.

Mr. HALLEY. Well, you don't know how it was accomplished?

Mr. HENSCHEL. I would not know. Probably the police department, or the councilmen up there would do something there on that.

Mr. HALLEY. Did you have any discussion about it?

Mr. HENSCHEL. No; I didn't know anybody up there.

Mr. HALLEY. How much money did you invest in Algam?

Mr. HENSCHEL. Personally?

Mr. HALLEY. Yes.

Mr. HENSCHEL. \$375,000.

Mr. HALLEY. When you say personally, I presume you mean—

Mr. HENSCHEL. I thought you meant all of us.

Mr. HALLEY. No, no, your own.

Mr. HENSCHEL. My own is \$375,000.

Mr. HALLEY. And when did you make that investment?

Mr. HENSCHEL. Well, we made it, at first we each put up a percentage to take title, that was \$200,000. I think I put up then \$50,000. I do not have my records here, but I put my percentage up, and if we did not get title we would have to let it go. Then when we got title we put up the balance of the money.

Mr. HALLEY. In what year did you make your investment?

Mr. HENSCHEL. We made our investment in 1949.

Mr. HALLEY. And you borrowed certain moneys with Benjamin Levine as endorser of the note?

Mr. HENSCHEL. That is right.

Mr. HALLEY. How long have you known Benny Levine?

Mr. HENSCHEL. Oh, I would say 40 years.

Mr. HALLEY. Hasn't he had a long reputation as a racketeer in this city?

Mr. HENSCHEL. Well, inasmuch as you ask me, I will tell you what I know of him. I have been very close with the fellow. I know his family. We were brought up together.

I might say right now that he is one of my dearest friends. Benny Levine is a hard-working fellow. I started working when I was 10 years old, and I think he did, too.

He seemed to be very friendly with some union officials, and being friendly with union officials he got a reputation of being able to do a lot of favors. I doubt if the fellow ever made a penny in his life for that, but he got the reputation as a union strong-arm man, which he paid the penalty for when they wound everybody up, and he could never live it down.

He is one of the finest men, and has got one of the finest families you could ever meet; he has three of the loveliest children, and he is the finest husband you could ever meet.

That fellow never goes out, only with his family. He never goes to clubs or any place alone, and those that know him will tell you exactly the same. He is really a grand person.

Mr. HALLEY. He did plead guilty to a racketeering charge and went to jail, didn't he?

Mr. HENSCHEL. I happened to be in the courtroom, and if I could get the minutes for you, when the judge sentenced him, he sentenced him in this way. Judge Mullins said:

Benny Levine, you stand before me for sentence. It is so unusual to have a fellow like you with a probationary report such as yours come here, that you are such a wonderful fellow, and such a marvelous father and wonderful husband. Your neighbors talk so highly of you. I must have had 10 of the finest citizens come in and intercede for you, men who are the best in this country. I go into their homes and they come into my home. But I do know, Ben Levine, that financially you never gained anything by it. In fact, I am positive, but materially you did. No doubt I would have to take my robe off if I dismissed your case.

Mr. HALLEY. Did you ever know Lepke?

Mr. HENSCHEL. Yes.

Mr. HALLEY. What was the nature of your relationship with Lepke?

Mr. HENSCHEL. He had a partner and brother, Carl Shapiro. They have a factory in Baltimore, and they worked for me.

Mr. HALLEY. They do contracting for you?

Mr. HENSCHEL. For many years.

Mr. HALLEY. Over how long a period of years did you have a business relationship with Lepke?

Mr. HENSCHEL. I think they worked for me about 5 years, I would say many years ago; that goes back about 15 years ago or better.

Mr. HALLEY. You can probably help the committee in this respect—

Mr. HENSCHEL. Well, I am not here to hinder it; I am here to help you, if I can.

Mr. HALLEY. Yes; I believe that you will. I hope you will, certainly.

We have been told that in connection with various rackets in the garment area, and you must realize that there certainly have been some.

Mr. HENSCHEL. There is no doubt; there is and there always will be.

Mr. HALLEY. That one of the rackets has been that established manufacturing companies simply must contract out a certain amount of work to out-of-town plants, which are controlled by racketeers, and which are open shops, because the racketeers can handle their own union problems?

Mr. HENSCHEL. Inasmuch as you ask me, I happen to be a good authority on it. I am the oldest suit and cloak manufacturer in the industry. I am one of the largest. I am one of the few AAA concerns. I am the largest buyer of piece goods, and most people think I know my business. In fact, I am a model benefactor for our International Garment Workers Union.

I have an out-of-town factory, too, and I will tell you how the out-of-town factories have come about.

Many years ago, I think it was even before your time, because I feel I am quite much older than you, your mother or sister wore just a plain garment. There was no such thing as style.

Gradually, we got in European people, and we changed our style. Then they came into a mannish type.

Our cloak makers could not make the mannish type, and we had to go to the amalgamated shops. There have been very few in the city, they have all been out of town, all through Jersey and Allentown, Poughkeepsie, up in Newburgh, and around there.

I, for one, started going into the mannish type suits, and naturally we started working with these shops. They are all out of town, but they are strictly union, always have been union. All we have to do, the moment they work for an international shop, they have to change employees, and give them international books. They made ladies' garments, but they were mannish styles, one-button effects, and things of that kind. That is how most of these out-of-town factories came about.

I will say that in New York City there are plenty of nonunion shops, and these rackets will always go on. You have plenty of them in the Bronx and over in Brooklyn. Of course, I do not say that there are not any out of town, specifically I cannot say, or you cannot say because it is an out-of-town shop that it is a racketeer shop. That is not so.

Mr. HALLEY. No; I am not implying that.

Mr. HENSCHEL. I am just telling you for your benefit, so that you get your picture right, just because it is out of town it does not actually mean—I am not saying that there are not many of them all over—but it does not mean just because they are out of town that they are racketeering shops.

Mr. HALLEY. Mr. Henschel, let us try to make your answers a little more concise and a little more to the point. I appreciate the picture, but the specific question is, What truth is there to the information we have that some of these racketeering shops thrive because of the pressure they are able to bring on regular manufacturers to give them some of their contracting business?

Mr. HENSCHEL. I will tell you something: I don't think they bring the pressure, I think they come to these racketeers, I believe. We have in our industry a lot of manufacturers, who are not businessmen at all.

Mr. HALLEY. Well, did you go to Lepke?

Mr. HENSCHEL. No; I never had to

Mr. HALLEY. Did he come to you?

Mr. HENSCHEL. Never in his life.

Mr. HALLEY. Why did you do business with him?

Mr. HENSCHEL. I will tell you why, through a friend of mine, Irving Deutsch. It was a men's plant, and they gave me part of that, they broke it, it is easier to do that.

Mr. HALLEY. Why were you willing to do that?

Mr. HENSCHEL. Well, I needed help like that.

Mr. HALLEY. Did you need it from a racketeer?

Mr. HENSCHEL. I looked upon him as Carl Shapiro. Carl is a high-class garment man.

Mr. HALLEY. Well, he was sitting there with Lepke as a partner, wasn't he?

Mr. HENSCHEL. No, not Carl, you are talking about——

Mr. HALLEY. I was asking you about Lepke. You said you did business with Lepke, didn't you?

Mr. HENSCHEL. With Lepke's partner, Carl Shapiro was a partner of Lepke's.

Mr. HALLEY. Well, Lepke was a partner with Carl Shapiro.

Mr. HENSCHEL. He was no racketeer, Carl, never, he was a hard-working businessman all his life.

Mr. HALLEY. But nevertheless you were doing business with Lepke.

Mr. HENSCHEL. No, I was doing business with Carl Shapiro.

Mr. HALLEY. But, Mr. Henschel, weren't they partners?

Mr. HENSCHEL. Yes, but Lepke didn't know anything about the business.

Mr. HALLEY. I understand that. You seem to be——

Mr. HENSCHEL. Let me state something——

Mr. HALLEY. When you walked in here, and right this minute, I had and I do have the greatest admiration for you and your accomplishments. I know about them. It seems to me now that you are just playing games with me.

Mr. HENSCHEL. If you will let me explain——

Mr. HALLEY. Will you please stick to the specific questions, without getting off the track.

Mr. HENSCHEL. But if you will just let me——

Mr. HALLEY. Now, let me ask you the questions, and you answer the specific questions.

My specific question is, Didn't you know that Lepke was a racketeer, that is No. 1.

Mr. HENSCHEL. By reputation, yes.

Mr. HALLEY. And a bad racketeer?

Mr. HENSCHEL. Yes.

Mr. HALLEY. And didn't you willingly go business with Lepke?

Mr. HENSCHEL. Well, you are asking me that question direct. I am not here to protect Lepke. Lepke is a dead man. If you want the truth, I will tell you——

Mr. HALLEY. First, answer the question. Did you do business with Lepke?

Mr. HENSCHEL. No.

Mr. HALLEY. Well, you did business with Lepke, you so testified. Do you want to change your testimony now?

Mr. HENSCHEL. You asked me if I knew Lepke, and I said I did business with his partner, who had a shop.

Mr. HALLEY. Now, how can you do business with a partner, without doing business with the other man? I am not smart enough to answer that. Perhaps you can explain it to me.

Mr. HENSCHEL. Let me enlighten you in your mind, just because a man is in business with another man who knows tailoring, I could not go and talk to Lepke and do any business with him. He would not understand what I wanted. Carl was a tailor and he understood everything, whether it had to do with a hand machine, or anything about the business, I could talk to him. Lepke probably did not understand any more about that work than a stranger, but I did understand that Lepke was his partner.

Mr. HALLEY. Then when Lepke and Shapiro made \$10 on a job that you gave them, Lepke was getting \$5 out of it, wasn't he?

Mr. HENSCHEL. Possibly so.

Mr. HALLEY. Why were you willing to do business with Lepke?

Mr. HENSCHEL. As I just explained to you, Mr. Halley, the kind of work I needed, when the style trend changed, and the men's shops could only make it, this was an opportunity I had to get a men's shop to make it, and only for that reason.

Mr. HALLEY. Do you mean to say that in this great city you were unable to find anybody else to do that kind of work, except some one who was a partner with Lepke?

Mr. HENSCHEL. That is right. I would never get it for that price, in the first place, and they did not make that type of work.

Mr. HALLEY. All right. Let's first talk about the price which you stated in the first place they were able to do it for. Were they able to do it for a lower price?

Mr. HENSCHEL. They were doing it cheaper, they were breaking in their plants, and they made it cheaper than most people that I would go to.

Mr. HALLEY. Did they ever get a special arrangement from a union?

Mr. HENSCHEL. I don't know.

Mr. HALLEY. They just ducked the union altogether, didn't they?

Mr. HENSCHEL. I am not sure. I don't think they run union.

Mr. HALLEY. Obviously they could give you a cheaper price than a union shop then, couldn't they?

Mr. HENSCHEL. Well, gentlemen, truthfully it had to be a cheaper price, but it was not a question of getting another shop. You couldn't get anyone who knew about the mannish type suits, and if you take the date down, you can verify that, that that is when the mannish suits started. It was not something that I could say, "You do this" or "You do that." We just didn't have them in our industry.

It was with our union's consent, so that we could break in that type of help.

Mr. HALLEY. Couldn't you break in somebody that did not have Lepke for a partner? Couldn't you break in with somebody else?

Mr. HENSCHEL. Well, it is not easily done that way. They had a first-class plant put up there, and this friend of mine that actually broke in the help, and all, this fellow Irving Deutsch, he was on the floor with Carl, and within 4 or 5 weeks I got beautiful clothes, beautiful suits.

Mr. HALLEY. How long had you known Shapiro before you made the first business arrangement with him?

Mr. HENSCHEL. Very shortly.

Mr. HALLEY. Who introduced you to Shapiro?

Mr. HENSCHEL. Irving Deutsch introduced me to Carl.

Mr. HALLEY. Did you ever make any clothing for the United States Government?

Mr. HENSCHEL. Well, I did not make it directly. I made it for J. C. Penny, Lazy Cadets.

Mr. HALLEY. When did you do that?

Mr. HENSCHEL. I did that in the last war.

Mr. HALLEY. Is that the only item you made?

Mr. HENSCHEL. That is right, jackets and coats, it was working through them, a sort of a nonprofit deal.

Mr. HALLEY. What do you mean by that?

Mr. HENSCHEL. We did not make any profit on it. It was more of a patriotic gesture. Penny got this thing, and I do a couple of million dollars a year business with Penny, and they thought that I would be the right man to make up that merchandise. I don't think we made our overhead on it, or just about our overhead.

Mr. HALLEY. Did they come to you?

Mr. HENSCHEL. J. C. Penny came to me, and I am one of Penny's real resources.

Mr. HALLEY. Is that the only work you have ever done, directly or indirectly, for the United States Government?

Mr. HENSCHEL. Directly or indirectly, that is the only work I have ever done.

Mr. HALLEY. Have you, or any corporation or company you are connected with, directly or indirectly, done any other work for the United States Government?

Mr. HENSCHEL. When you say me, do you mean myself?

Mr. HALLEY. You or any company you have ever been connected with.

Mr. HENSCHEL. That is right. I have not, never.

Mr. HALLEY. Either directly or indirectly?

Mr. HENSCHEL. Either directly or indirectly.

Mr. HALLEY. You never did any work for the United States Government?

Mr. HENSCHEL. No, sir.

Mr. HALLEY. Or for the Army?

Mr. HENSCHEL. None whatever.

Mr. HALLEY. And on this Penny contract, who came to you?

Mr. HENSCHEL. Mr. Dillon of J. C. Penny.

Mr. HALLEY. Did you deal with anybody else about it at all?

Mr. HENSCHEL. Yes. I met one of their personnel men, or something, and they used to give me the order and the priorities.

I will say that I benefited in one way. Here is how I benefited by it. They gave me a priority for linings. Linings were very hard to get, and if I got a priority for, say, 40,000 units of suits, which took

about a yard and a half or 60,000 yards, I would say, "I will give you an order for 60,000 yards, and you give me 10,000 yards." The mill would give me 10,000 yards. They would sell me direct, so it would help me in my own manufacturing business.

MR. HALLEY. You had no other contact whatsoever of obtaining this business from J. C. Penny?

MR. HENSCHEL. None whatsoever. If you know who J. C. Penny is, you know that there is no friendship, or no people who are going to ask you to do favors. As I just told you, we are the biggest resources for them.

MR. HALLEY. Did you obtain any Government business for anyone else during the war?

MR. HENSCHEL. Never in my life.

MR. HALLEY. None whatsoever?

MR. HENSCHEL. None whatsoever, sir.

MR. HALLEY. I have no other questions.

THE CHAIRMAN. Mr. Shivitz, do you have any questions?

MR. SHIVITZ. No questions.

THE CHAIRMAN. I believe Mr. Walsh has some questions.

MR. WALSH. Yes. Do you know Tom Lucchese?

MR. HENSCHEL. Yes.

MR. WALSH. How long have you known him?

MR. HENSCHEL. I know Mr. Lucchese about, oh, I would say 9 or 10 years.

MR. WALSH. Have you done business with him?

MR. HENSCHEL. No. He went in partners with a very dear friend of mine, he went in business with him, and the day he went in business I was in Altman's Restaurant, and he introduced me as his partner.

MR. WALSH. What is his friend's name?

MR. HENSCHEL. Lou Kauffman.

MR. WALSH. Have you seen Mr. Lucchese very much?

MR. HENSCHEL. No; I have not seen much of him. I am a pretty busy man. I don't bother anybody. I run into him once in a while here and there, but I see very little of him.

MR. WALSH. When was the last time you have seen him?

MR. HENSCHEL. Mr. Lucchese, I probably saw him maybe 6 months ago.

MR. WALSH. That is all.

MR. HENSCHEL. Just passing him on the street.

THE CHAIRMAN. You were going to tell us, if you could do so briefly, I would appreciate it very much, about just how the rackets do operate in the garment industry.

MR. HENSCHEL. Well, they are there. They probably pay them so much a garment, or something like that.

THE CHAIRMAN. Who?

MR. HENSCHEL. Some of these racket people, those put in the work. The union itself does not permit that. In most cases I think it is done under false pretenses that they take money.

THE CHAIRMAN. Who takes money?

MR. HENSCHEL. Some of these racketeers.

THE CHAIRMAN. You mean union racketeers?

MR. HENSCHEL. No.

THE CHAIRMAN. How would a racketeer get in the garment industry? You have had experience with them?

Mr. HENSCHEL. No; they would not come to me.

The CHAIRMAN. But somebody would take money to try to keep the shop nonunion, is that the idea?

Mr. HENSCHEL. Well, they give them a promise, yes, that they will be able to work nonunion, and in most cases they work union anyhow, and they get paid. Because what I understand from the union—of course, you can find out more through them—the union has no use for these fellows at all. Those days are gone.

The CHAIRMAN. Have some of them tried to get you to pay them off?

Mr. HENSCHEL. No; I never had any reason to. I always was union.

The CHAIRMAN. Who are the chief racketeers?

Mr. HENSCHEL. God knows. They are young kids. They grow up and they come in and they go. That is all. Listen, I am not the kind of a fellow who hangs around—

The CHAIRMAN. Well, let us just take some company that you don't have any business with, let's say the X company starts to manufacture ladies' dresses or something like that, then how would a racketeer come into the matter?

Mr. HENSCHEL. Well, I have not been there to hear how they work it, but if you gentlemen do want to find out thoroughly, you go to the union and get a list of nonunion shops, and you talk to the people, and you can easily get to the bottom of that, because the union has a list of nonunion factories.

The CHAIRMAN. How many people do you work in your shop?

Mr. HENSCHEL. I have a small plant for 37 years, about a hundred people, I think. But I do employ about an additional 800 out of town.

The CHAIRMAN. Your name is Joseph Henschel, isn't it?

Mr. HENSCHEL. Joseph Henschel, sir.

The CHAIRMAN. Who is Al Henschel?

Mr. HENSCHEL. Who?

The CHAIRMAN. Is there somebody by the name of Al Henschel?

Mr. HENSCHEL. I never heard of him.

The CHAIRMAN. Now, this money that you borrowed from Mr. Levine, he signed your note and you signed his note.

Mr. HENSCHEL. That is right.

The CHAIRMAN. So that you got altogether about \$150,000?

Mr. HENSCHEL. Yes.

The CHAIRMAN. What was that for, the purpose of buying some interest—

Mr. HENSCHEL. I will tell you the story on that.

The CHAIRMAN. All right, go ahead.

Mr. HENSCHEL. When I talked to Nat, when we were going to buy this thing, we each set out how much we wanted to take on a percentage basis, and I had Ben Levine in mind, and I said I will be able to handle 25 percent of that.

I went to Ben and I told Ben about it. Ben said to me, "I don't want any race track business." Of course, it was only a piece of land at the time, and it looked like a hazardous thing, and it looked like we could not run.

I said, "O. K., Ben, I will just take 12½ percent then." He said, "Oh, no, if you want 25 percent, I will give you the money, and you pay me back." I offered it to him, and that is how I obtained the 25 percent.

The CHAIRMAN. Then you got in a position where you could sign checks for the race track, didn't you.

Mr. HENSCHEL. That is right.

The CHAIRMAN. And he did also?

Mr. HENSCHEL. Nat Herzfeld?

The CHAIRMAN. No, Ben Levine.

Mr. HENSCHEL. Oh, no, of course not.

The CHAIRMAN. Are you the treasurer now?

Mr. HENSCHEL. No; I am not.

The CHAIRMAN. Why do you sign the check?

Mr. HENSCHEL. Well, you see I do a little work with Nat, I am pretty active at the track, although I am not compensated for it, and naturally I am always available there, and he had to have some one to sign checks. We made a card out in the bank, and I sign checks, I am one of the executive directors, too, there.

The CHAIRMAN. How does Mr. Costello have an influence around Tammany Hall, to some extent, without contribution something to the campaign?

Mr. HENSCHEL. Let me say this, I have heard so many rumors, that if he has any way of contributing, maybe does it in some other way, but you can rest assured that while I was treasurer Mr. Frank Costello never gave even \$5, nor have I asked him for it. That does not mean that maybe through some other channels he might help, if the rumors are correct that he used to be quite a benefactor of Tammany Hall.

The CHAIRMAN. All right. Do you have anything else, Mr. Halley?

Mr. HALLEY. Yes.

The CHAIRMAN. Proceed, Mr. Halley.

Mr. HALLEY. When did he used to be quite a benefactor?

Mr. HENSCHEL. The rumor there was in the Aurelio case, I remember reading about that, that they gave him that title, and from then on everybody talked about him as being quite a benefactor.

Mr. HALLEY. You don't think that is just gossip, do you?

Mr. HENSCHEL. I can tell you this under oath, as I just told you, I had never seen Mr. Costello up there. I was not very active there. I spent very little time there. I am a very busy man. I put in about 18 hours a day working.

Mr. HALLEY. But you were there for 9 months.

Mr. HENSCHEL. I was in there because Mr. Charles Silver was talked about as becoming mayor, and that is the reason I took it. I would not take it for a million dollars. What did I need it for? I thought because he was a friend of mine that I would carry a vote, and Charles Silver was very much interested in me becoming treasurer.

You might have heard about Mr. Silver, he is a very dear friend of mine. I am one of the largest users of American woollens, and we have been very friendly for many years, socially and in business. It was only through him, or I would not take it for anybody.

Mr. HALLEY. Thank you.

Mr. WALSH. Mr. Henschel, did Lou Kauffman ever discuss with you his new partner?

Mr. HENSCHEL. He introduced me to him.

Mr. WALSH. Did he discuss the venture with you?

Mr. HENSCHEL. Yes.

Mr. WALSH. Did he tell you anything about Mr. Lucchese?

Mr. HENSCHEL. No; he did not.

Mr. WALSH. Did he tell you whether he had any experience?

Mr. HENSCHEL. No; I don't think he did. I think he was a contractor at that time. There is a difference in manufacturing, when you sell direct to the trade, or contracting for a manufacturer, and I think Mr. Lucchese was a contractor at the time, and that is how he went in partners with him, because he wanted someone to make garments for him.

Mr. WALSH. That is your impression as to how this partnership arose?

Mr. HENSCHEL. That is right.

Mr. WALSH. Do they have a big business?

Mr. HENSCHEL. It is a fair business, fair, they have been doing business for quite some time.

Mr. WALSH. Do they run a union shop?

Mr. HENSCHEL. Yes; from what I gather I think they do.

Mr. WALSH. Do they make quality garments?

Mr. HENSCHEL. Yes; they make a popular-priced garment, I believe a \$22 garment or a \$24 garment, a popular-priced garment.

Mr. WALSH. What is their reputation in the trade?

Mr. HENSCHEL. It is a very nice garment, a clean garment.

Mr. WALSH. I mean the reputation of the partnership.

Mr. HENSCHEL. Well, they call it the Braunell Co., and the reputation is good.

Mr. WALSH. Their reputation is good?

Mr. HENSCHEL. Very nice, they have a very lovely reputation.

The CHAIRMAN. Mr. Henschel, are you in other horse or race tracks?

Mr. HENSCHEL. No, sir.

The CHAIRMAN. This is your only venture?

Mr. HENSCHEL. That is right.

The CHAIRMAN. What other sort of ventures are you interested in?

Mr. HENSCHEL. Well, I am interested in the Crown Mill, one of the finest mills in the country.

The CHAIRMAN. You mean down in Georgia?

Mr. HENSCHEL. No, South Attleboro. They make rayons and worsteds. I am interested in Walter Scott, another cloak-and-suit house. We sell specialty shops, and then I have an interest with my sister in the sportswear business; I help them in that. They make skirts and things of that kind, and cheap suits.

The CHAIRMAN. Now, again you had a definite feeling that when you brought in Mr. Kane you had to get some influence to sort of balance out the Democratic influence, from the Republicans?

Mr. HENSCHEL. You see, when you are in a city like New York, when the Republicans are in power, or when the Democrats are in power, they appoint their commission. Naturally, if we had to get another license we would have to get a Democratic regime in and we would have to wait maybe a year, 2 or 3 years, and we made the best settlement we could, as businessmen. We had a Republican senate and a Republican assembly.

The CHAIRMAN. Did you fellows put up any money for the Republican committee?

Mr. HENSCHEL. No, sir; we didn't get anything from them. They did nothing for us. We used Kane.

The CHAIRMAN. You wanted to stay friendly with the Republican racing commission, didn't you?

Mr. HENSCHEL. Well, we wanted to be friendly with everybody, but we haven't given them anything, not a penny. In fact, we tried to stay as clear as we possibly can, so that the Republicans will help us. We have neither helped the Democrats or the Republicans.

The CHAIRMAN. You have been nonpartisan?

Mr. HENSCHEL. That is right, and I think in that way we get a fair break from them.

The CHAIRMAN. All right, Mr. Henschel. That is all, thank you. Thank you, Mr. Schwartz.

Mr. SCHWARTZ. Thank you, Senator. Thank you, gentlemen.

The CHAIRMAN. If we need you again we will let you know.

Mr. HENSCHEL. All right, gentlemen.

Now, gentlemen, I want to tell you something, inasmuch as I happen to know some of these people, as I said I am one of the oldest in the business, and I don't know if you have checked on me, but you will find that my reputation is above par. There is an article in the paper which I thought was very bad. I have built up prestige all my life, for 37 years.

Mr. HALLEY. What paper was that in, Mr. Henschel?

Mr. HENSCHEL. The Daily Mirror. Isn't that a shame?

Mr. SCHWARTZ. It made reference in the article, relating to—

Mr. HENSCHEL. They all know where I am today because they read it. If I violated the law I would want to pay the penalty.

The CHAIRMAN. What did the article say?

Mr. HENSCHEL. Here is a copy of it.

Mr. SCHWARTZ. It is in the Daily Mirror this morning, February 13, 1951, and the pertinent portion reads:

Former Tammany Hall treasurer, Joseph Henschel, of 315 Riverside Drive, will be asked to explain the sale of a car to Mrs. Loretta Costello. Thus far it was learned the committee has no evidence linking Costello to the national syndicate.

Mr. HENSCHEL. Any time you gentlemen want me, I will be happy to come before you, and any time you think I am telling a falsehood, I will pay the penalty. I don't know anything that I have ever done in my life that was not fine.

Mr. HALLEY. Where they got the information about you, I don't know. Apparently they had run down a number of our witnesses.

Mr. HENSCHEL. Well, they put me right underneath Costello. Anyway, thank you, gentlemen.

(Witness excused.)

The CHAIRMAN. Call your next witness, Mr. Halley.

Mr. HALLEY. I will call Mr. Courtney.

The CHAIRMAN. Good evening, gentlemen.

Mr. Courtney, will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COURTNEY. I do.

TESTIMONY OF IRVING COURTNEY, NEW YORK, N. Y., ACCOMPANIED BY JAMES RONAYNE, ATTORNEY

Mr. HALLEY. What is your full name, please?

Mr. COURTNEY. Irving Courtney.

The CHAIRMAN. Just a moment. What is counsel's name, please?

Mr. RONAYNE. James A. Ronayne.

The CHAIRMAN. And you are from New York?

Mr. RONAYNE. Yes.

The CHAIRMAN. What is your address, sir?

Mr. RONAYNE. 120 Broadway, New York City.

The CHAIRMAN. All right, you may proceed.

Mr. HALLEY. What is your business?

Mr. COURTNEY. I am in the manufacturing of ladies' coats and suits.

Mr. HALLEY. Where are you located?

Mr. COURTNEY. 230 West Thirty-eighth Street.

Mr. HALLEY. Did I get your residence address, sir?

Mr. RONAYNE. I don't think you did.

Mr. COURTNEY. I live at the Hotel Picadilly, New York City, on Forty-fifth Street.

Mr. HALLEY. What is the trade name of your business?

Mr. COURTNEY. Courtshire Fashions, Inc.

Mr. HALLEY. How much of the stock do you own?

Mr. COURTNEY. I own 66 percent.

Mr. HALLEY. Who owns the remainder?

Mr. COURTNEY. Mr. Irving Sherman.

Mr. HALLEY. In other words, 33?

Mr. COURTNEY. That is right.

Mr. HALLEY. How large an enterprise is Courtshire Fashions, Inc.?

Mr. COURTNEY. Well, it varies. We have been in business 4½ years. When we started the first year we did about—these are just rough figures—we did about seven hundred thousand to eight hundred thousand.

Mr. HALLEY. What did you do last year, in 1950?

Mr. COURTNEY. We did about a million and a half.

Mr. HALLEY. What do you make?

Mr. COURTNEY. Ladies' coats and suits.

Mr. HALLEY. How long have you been in the coat and suit business?

Mr. COURTNEY. Since 1929.

Mr. HALLEY. How long has Mr. Sherman been in that business?

Mr. COURTNEY. I don't know how long he has been in the business. I have not always been in business. I worked until 4 years ago as an employee for different concerns.

Mr. HALLEY. This is your first business?

Mr. COURTNEY. That is right.

Mr. HALLEY. Who did you work for?

Mr. COURTNEY. On my first job, that was with Siegel Bros., and my second was Morris W. Haft. Those are the only two positions I had.

Mr. HALLEY. How long were you with Siegel Bros.?

Mr. COURTNEY. Four years.

Mr. HALLEY. And with Haft?

Mr. COURTNEY. About 10 years.

Mr. HALLEY. In what capacity did you work for Haft?

Mr. COURTNEY. Production man.

Mr. HALLEY. Were you in charge?

Mr. COURTNEY. I was in charge of the suit department and selling.

Mr. HALLEY. For Haft?

Mr. COURTNEY. Yes.

Mr. HALLEY. What salary did you receive from Haft?

Mr. COURTNEY. The maximum?

Mr. HALLEY. Yes.

Mr. COURTNEY. About \$110 a week.

Mr. HALLEY. Well, you could not have been in charge. That is a tremendous enterprise, isn't it?

Mr. COURTNEY. I know. We had several departments, the coat department, the suit department, several different departments. I am talking about 1944, sir.

Mr. HALLEY. I am talking now about—when did you go into this business?

Mr. COURTNEY. I went in in 1945. I was discharged from the service and I left Haft's in 1940.

Mr. HALLEY. You left Haft in 1940?

Mr. COURTNEY. 1940 or 1941.

Mr. HALLEY. Did you go back to Haft when you came out of the service?

Mr. COURTNEY. No, sir.

Mr. HALLEY. You never went back to Haft?

Mr. COURTNEY. That is right.

Mr. HALLEY. When you came out of the service, what did you do?

Mr. COURTNEY. I went into business.

Mr. HALLEY. In what branch of the service were you?

Mr. COURTNEY. The Signal Corps.

Mr. HALLEY. Where were you located?

Mr. COURTNEY. I was in Camp Murphy for 14 months. I was in Sacramento Signal Depot 14 months.

Mr. HALLEY. Did you have to go overseas?

Mr. COURTNEY. No.

Mr. HALLEY. Do you know whether or not Irving Sherman had any previous experience in the coat and suit business?

Mr. COURTNEY. I believe he was in the suit business before he went into this venture.

Mr. HALLEY. What is his capacity?

Mr. COURTNEY. Piece-goods buyer.

Mr. HALLEY. Any other?

Mr. COURTNEY. And salesman.

Mr. HALLEY. Is he active in the sales field?

Mr. COURTNEY. Yes; he is.

Mr. HALLEY. How much did he gross in sales last year personally?

Mr. COURTNEY. Well, there are only three salesmen, myself, my brother, and Irving. We never grossed it. We have a grand total.

Mr. HALLEY. Well, Mr. Courtney, most people in that industry have a pretty good idea of who produced what, don't they?

Mr. COURTNEY. Well, every month it is a little different. Exactly, I could not tell you.

Mr. HALLEY. Does Sherman have any other business besides yours?

Mr. COURTNEY. Not that I know of.

Mr. HALLEY. Does he give it his full time?

Mr. COURTNEY. Yes.

Mr. HALLEY. You have a brother, do you not, Max Courtney?

Mr. COURTNEY. That is right.

Mr. HALLEY. Is he in the bookmaking business?

Mr. COURTNEY. I know that he fools around with the horses.

Mr. HALLEY. I want to know if he books bets.

Mr. COURTNEY. I don't know.

Mr. HALLEY. Who financed you in Courtshire?

Mr. COURTNEY. I had my own money before I left in the Army, too, and took some loans from my friends, and I have other brothers that I loaned money from.

Mr. HALLEY. Did you borrow any from Max Courtney?

Mr. COURTNEY. No.

Mr. HALLEY. None whatsoever?

Mr. COURTNEY. No.

Mr. HALLEY. From whom did you borrow?

Mr. COURTNEY. My brother, Dave Courtney, and my other brother, Sam Courtney.

Mr. HALLEY. Who introduced you to Sherman?

Mr. COURTNEY. Mr. Sherman got me my first job in 1929, with the first coat house which I worked for.

Mr. HALLEY. How long have you known Sherman?

Mr. COURTNEY. I met him in 1929 when he got me this job.

Mr. HALLEY. How did you meet him, through whom?

Mr. COURTNEY. Well, my father knew his father and he asked him to get me a job, and that is the way it happened. He sent me down to see Mr. Siegel and he gave me a job. That is the business I have been in since.

Mr. HALLEY. So through your families you have been in touch with Sherman ever since?

Mr. COURTNEY. What is that?

Mr. HALLEY. Through your family connections you have been in touch with Sherman ever since?

Mr. COURTNEY. Yes. He used to come around—I saw him once in a while when I was in the service. He was in business, and we were going out of business.

Mr. HALLEY. Well, we have been trying to find your brother Max. Do you know where he is?

Mr. COURTNEY. No, but I do know he is in Florida.

Mr. HALLEY. When did you last see him?

Mr. COURTNEY. I have not seen him since December.

Mr. HALLEY. When did you last hear from him?

Mr. COURTNEY. Oh, about 4 weeks ago.

Mr. HALLEY. Where was he staying in Florida?

Mr. COURTNEY. I don't know, but I can find out.

Mr. HALLEY. Would you do two things for the committee? First, please find out where he is and second, would you get in touch with him and tell him that this committee is very anxious to see him?

Mr. COURTNEY. All right? I will try my best.

Mr. HALLEY. How much time does Irving Sherman spend at Courtshire?

Mr. COURTNEY. He is there every day, when he is in town.

Mr. HALLEY. When he is in town?

Mr. COURTNEY. Well, he is only away 3 or 4 weeks, but when he is in town he is there all day, every day.

Mr. HALLEY. Was he there all day everyday in 1945, 1946, and 1947, when you organized the business?

Mr. COURTNEY. Yes, sir. I wouldn't say—he comes in and goes out, but he spends the greater part of his day at the business.

Mr. HALLEY. And his job is buying goods?

Mr. COURTNEY. Piece goods and selling.

Mr. HALLEY. In selling?

Mr. COURTNEY. Yes.

Mr. HALLEY. Do you have records and accounts which show the various participations?

Mr. COURTNEY. Yes.

Mr. HALLEY. Do you draw a salary from the company?

Mr. COURTNEY. Do I?

Mr. HALLEY. Yes.

Mr. COURTNEY. Yes, sir.

Mr. HALLEY. How much salary do you draw?

Mr. COURTNEY. One hundred and fifty a week.

Mr. HALLEY. How much does Sherman draw?

Mr. COURTNEY. One hundred and fifty a week.

Mr. HALLEY. And do you have profits? Have you run into profits in the last few years?

Mr. COURTNEY. We have had profits, but we have never declared a dividend, because we were advancing.

Mr. HALLEY. You have never declared a dividend?

Mr. COURTNEY. Never.

Mr. HALLEY. Well, as to your 66 percent, did you also make 66 percent of the investment for that?

Mr. COURTNEY. Yes, sir.

Mr. HALLEY. What was your total investment?

Mr. COURTNEY. Around \$30,000.

Mr. HALLEY. How much of that was your own money?

Mr. COURTNEY. Ten thousand dollars.

Mr. HALLEY. Where did you borrow the other \$20,000?

Mr. COURTNEY. I borrowed some from my brother, Dave, around \$3,500, and from my brother, Sam, \$3,500, and my brother, Dave, who was with International Dress, he borrowed money from different accounts that he has done business with for 20 years.

Mr. HALLEY. And through them you borrowed \$20,000?

Mr. COURTNEY. Not \$20,000; I got \$7,000 from my brothers.

Mr. HALLEY. From your brothers?

Mr. COURTNEY. That is right.

Mr. HALLEY. And \$13,000 from International's accounts?

Mr. COURTNEY. That is right; friends of mine.

Mr. HALLEY. With whom did you deal there?

Mr. COURTNEY. Where is that?

Mr. HALLEY. At International.

Mr. COURTNEY. At International, my brother, Dave, worked for 20 years as a salesman. He does the selling.

Mr. HALLEY. Which brother is that?

Mr. COURTNEY. Dave.

Mr. HALLEY. Has he any interest?

Mr. COURTNEY. He has half of my share.

- Mr. HALLEY. He has half of the 66?
- Mr. COURTNEY. He loaned me \$3,500.
- Mr. HALLEY. Did he put in any money?
- Mr. COURTNEY. No.
- Mr. HALLEY. I have no other questions.
- The CHAIRMAN. Mr. Shivitz.
- Mr. SHIVITZ. No.
- The CHAIRMAN. Mr. Walsh.
- Mr. WALSH. Yes.
- The CHAIRMAN. Proceed, Mr. Walsh.
- Mr. WALSH. Do you know Mr. Lucchese?
- Mr. COURTNEY. Who?
- Mr. WALSH. Lucchese.
- Mr. COURTNEY. No, sir.
- Mr. WALSH. You never heard of Tom Lucchese?
- Mr. COURTNEY. No.
- Mr. WALSH. Did you ever hear of "Three-Fingered Brown"?
- Mr. COURTNEY. No, sir; the only thing I heard about him was in the papers.
- Mr. WALSH. But you do not know him in the industry?
- Mr. COURTNEY. No, sir.
- Mr. WALSH. That is all. Thank you.
- The CHAIRMAN. That is all; thank you, sir. Thank you, Mr. Ronayne.
- Mr. RONAYNE. Thank you.
- (Witness excused.)
- The CHAIRMAN. Will you call your next witness.
- Mr. HALLEY. We will call Mr. Rutkin.
- The CHAIRMAN. Good evening, gentlemen. What is your name, Counsel?
- Mr. COHEN. Jack L. Cohen. I am an attorney here.
- The CHAIRMAN. Thank you. Will you raise your right hand, Mr. Rutkin, and be sworn, please?
- Do you solemnly swear the testimony you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?
- Mr. RUTKIN. I do.

**TESTIMONY OF JAMES RUTKIN, NEWARK, N. J., ACCOMPANIED
BY JACK L. COHEN, ATTORNEY**

- Mr. HALLEY. What is your full name, sir?
- Mr. RUTKIN. James Rutkin.
- Mr. COHEN. May I interrupt for just 1 minute, please?
- Mr. HALLEY. Yes.
- Mr. COHEN. I do not want to take up too much time of the committee, but I do want to make the committee aware of a situation which exists with reference to the situation of Mr. Rutkin.
- Mr. HALLEY. Well, you did this once in Washington and it is in the record.
- Mr. COHEN. There is just this: At the time I appeared here and the committee was in New York on Columbus Day, Mr. Rutkin was at that time on trial in the United States District Court in the District

of New Jersey, and I called to the attention of the committee at that time a letter that we had from the committee on September 28, promising us that that situation would be taken into consideration; that is, that he was at that time about to go on trial under that indictment.

Then when I was here on Columbus Day I had the promise of the committee that neither his being subpoenaed here nor our appearance would receive any publicity.

Contrary to that, on about the third or fourth day of the trial the fact that Mr. Rutkin had been subpoenaed here, and certain information as to the position of the committee with respect to activities he participated in in Bergen County, N. J., was the subject of very large newspaper articles.

It is impossible for you to estimate the damage that was done to him in that trial by reason of that publicity.

Our present position is that a conviction resulted that is presently on appeal.

In the opinion of counsel there are some very substantial legal questions involved in the appeal which we feel will result in a reversal and a new trial. In that event, we will be back where we were on Columbus Day. Any testimony given before this committee, particularly any attendance at an open hearing, any interrogation at this hearing, is bound to result in damage to him in any ensuing trial.

Upon that ground I have advised my client that it might prejudice—

Mr. HALLEY. We have gone over this. I listened to you, and you listened to me.

Mr. COHEN. Yes.

Mr. HALLEY. Will you listen to me now, please?

Mr. COHEN. Certainly.

Mr. HALLEY. We went all over this in Washington and I read for you from the committee record, the committee just subpoenaed and sent for Mr. Rutkin, and you came in and made a statement that he was on trial and you thought any publicity during the trial referring to his testimony might be damaging.

The committee said that they would refrain from questioning him on the absolute assurance that Mr. Rutkin, the day the trial was over and from then on, would make himself available for questioning no matter what the outcome of the trial, and you gave such an absolute assurance. It was not conditioned on the question of whether the mere presence of Mr. Rutkin would appear in the papers.

It is obvious when a man walks into the witness room that the papers are going to see him. You knew the papers had seen him. They questioned him that morning before you came in here.

Now, you gave us a flat commitment and it seems to me that you are backing down on it.

Mr. COHEN. No, I am not. My commitment was that he would appear and he is here.

Mr. HALLEY. And that he would answer questions.

Mr. COHEN. You had better send for the record, then.

Mr. HALLEY. Well, if you think you have just merely committed yourself that he would appear, and not that he would answer questions, you certainly have succeeded in hornswoggling both the committee and me. He was here at that time and we did not need any commitments to get him here again.

Mr. COHEN. Well, if you will just look at the record, I said that I was not going to plead a man guilty to obtain an adjournment, or something in that sort of language. We were particularly careful to reserve any rights that we might have for the future appearance.

Mr. HALLEY. The testimony is here. We will take a look at it.

Mr. COHEN. You asked if he would come and tell us what he knew, and I said that he would be here.

Mr. HALLEY. Well, I have a summary of the testimony, but I will get the testimony itself.

Mr. COHEN. All right.

Mr. HALLEY. This is the Rutkin trial. I want the committee's own hearing that was held here in New York City, at which Mr. Rutkin was a witness. Take this one back.

Mr. COHEN. For your information, it was October 12.

Mr. HALLEY. Let me read the summary which has been prepared, and it was certainly not prepared by me, but it was prepared by the Library of Congress who have no ax to grind either way. [Reading:]

The chairman and committee counsel agreed to their proposal that Rutkin not be obliged to appear until after his trial, on the condition he would be a cooperative witness and would not refuse to answer questions without having a good constitutional ground.

Mr. COHEN. I don't even know there is any quarrel with that language, but I would prefer to have the record made, or the record produced itself, in view of the statement you made that we had horn-swoggled you.

Mr. HALLEY. Well, we will get the record, of course.

Mr. COHEN. My position is that our trial has not been concluded.

Mr. HALLEY. That was not the condition. The condition was that the minute the jury trial was over, no matter what the outcome was, you would be here and it seems to me that you are backing out of the agreement you made.

Mr. COHEN. My agreement was to be here. I am here, and so is my client.

Mr. HALLEY. And also that he would testify.

Mr. COHEN. That was not our agreement.

Mr. HALLEY. We did not ask you to waive any constitutional rights, and that is as far as it went.

Mr. COHEN. Well——

The CHAIRMAN. Well, what is your position now, Mr. Cohen?

Mr. COHEN. My position is that because——

The CHAIRMAN. You have stated your position, but we are going to ask Mr. Rutkin some questions. Do you expect to advise him not to answer any questions?

Mr. COHEN. I have already advised him not to answer any questions that may tend to incriminate him. I only urged that other situation as another ground as to why he ought not to answer questions at this hearing.

The CHAIRMAN. Well, of course, I thought that we had been very, very generous in this, in trying to cooperate with you for what you thought was the protection of your client. But we cannot postpone this hearing any more because manifestly you have got the case on appeal, and it will be some time before it will be decided in the upper courts. It goes to the Circuit Court of Appeals; does it not?

Mr. COHEN. That is where it is.

The CHAIRMAN. Has it been argued?

Mr. COHEN. We are waiting for the Government to file its answering brief. It is the same situation as on Columbus Day; that situation is the same today; the case is not disposed of.

The CHAIRMAN. What we had in mind at that time was that your case was to go to trial before a jury.

Mr. COHEN. That is right.

Mr. HALLEY. Now, you were here with Mr. Simandl, and Mr. Simandl said:

When you say "call him immediately after his trial is completed, do you mean he has to waive all his rights, if any he has?"

The CHAIRMAN. We are not asking him to waive his rights. We would like to know whether he is going to be cooperative or not.

Mr. SIMANDL. That is all right, Senator. So long as his rights are preserved, immediately after the trial is over, and you notify us, I assume you will give us 24 hours at least.

The CHAIRMAN. Oh, yes.

Mr. SIMANDL. He will appear.

The CHAIRMAN. It will probably be in Washington, or perhaps back here, or in Philadelphia.

Mr. COHEN. Geography won't make any difference.

Mr. SIMANDL. But his rights will be preserved to him.

The CHAIRMAN. Is that right, Mr. Halley?

Mr. HALLEY. Yes.

The CHAIRMAN. Then we have a stipulation that after 24 hours' notice at the conclusion of the present trial—I am not talking about appeal or anything of that sort—

Mr. SIMANDL. That is right.

The CHAIRMAN. Whether he is found guilty or is let out, you will produce him and he will testify?

Mr. SIMANDL. When you say testify, subject, of course, Senator, to any rights that he has.

The CHAIRMAN. But we want to say this: We are not going to put up with any cantankerousness in his refusal to answer questions, unless he has good and constitutional grounds for not answering.

Mr. SIMANDL. All right, Senator. I appreciate that.

The CHAIRMAN. I think that is very clear.

Mr. COHEN. Well, I do not see wherein we disagree.

The CHAIRMAN. Well, you see that it was expressly stated that it did not mean any appeal. It meant the trial you had over there at that time, that was what you agreed to, so let us go on with the questioning.

Mr. HALLEY. What is your address?

Mr. RUTKIN. 201 Midland Place, Newark, N. J.

Mr. HALLEY. What is your business?

Mr. RUTKIN. I have been in the liquor business, and I hope to get back in it.

Mr. HALLEY. In what capacity have you been in the liquor business? What have been your connections?

Mr. RUTKIN. I was a partner in a company called the Brown Vintner Co.

Mr. HALLEY. When you were a partner in Brown Vintner? When was that?

Mr. RUTKIN. From its inception until it was sold in 1940?

Mr. HALLEY. And after 1940, what was your business?

Mr. RUTKIN. Well, the company was sold, and we were looking around—that is, Joe Ranfeld, who was my partner then, my business partner, was looking for another enterprise.

Mr. HALLEY. Yes. And since 1940 have you been looking for a business?

Mr. RUTKIN. Well, I wouldn't say that. Joe still worked for Brown Vintner after its sale, but in 1943, we had some sort of a—we had a falling out, and I have been more or less working on a civil action since sometime after that.

Mr. HALLEY. And you engaged in no business whatsoever?

Mr. COHEN. One moment, please.

(Counsel conferring with witness.)

Mr. RUTKIN. I cannot answer that on the ground that it may incriminate me, Mr. Halley.

Mr. HALLEY. Well, before we get into the incriminating or alleged incriminating phases, let me ask you point blank, have you had any legitimate occupation since the year 1940?

Mr. COHEN. I will advise my client to answer in the same way.

The CHAIRMAN. All right. Let him either answer it or say that he will not answer it.

Mr. RUTKIN. I cannot answer that on the ground that I may incriminate myself.

The CHAIRMAN. This chairman is directing you to answer.

Mr. RUTKIN. Will you read that question again, please?

Mr. HALLEY. Will you read it, Mr. Reporter?

(The question was read by the reporter.)

Mr. RUTKIN. Well, would that take in as to whether I earned any legitimate money?

Mr. HALLEY. Yes.

Mr. RUTKIN. Yes; I did.

Mr. HALLEY. Would you state what it was?

Mr. RUTKIN. Well, I was interested in one thing, I recall the Tournament of Champions. It was a boxing corporation, and it was practically for the middleweight championship, and I sold that, I believe, I cannot remember the amount of money I sold it for, but I sold it and made some profit on it.

Mr. HALLEY. Who were your associates in that Tournament of Champions?

Mr. RUTKIN. Dave Charnay and Lou Spinelli.

The CHAIRMAN. Who? Will you spell it?

Mr. RUTKIN. Spinelli, S-p-i-n-e-l-l-i.

Mr. HALLEY. How long had you known Spinelli?

Mr. RUTKIN. Oh, I don't know, about 10, 12, 15 years, I guess.

Mr. HALLEY. How long had you known Charnay?

Mr. RUTKIN. Well, to my best recollection, Charnay would be maybe 5 years.

Mr. HALLEY. Prior to going into the Tournament of Champions?

Mr. RUTKIN. I will say 5 years.

The CHAIRMAN. Five years or twenty-five years, which did you say? Let us get that straight.

Mr. RUTKIN. Five.

The CHAIRMAN. Five years?

Mr. RUTKIN. Yes.

Mr. HALLEY. What is the approximate date that you went into this Tournament of Champions venture?

Mr. RUTKIN. Well, approximately, I would say, 3 years ago.

Mr. HALLEY. Did you invest any money?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. How much?

Mr. RUTKIN. I don't recall. It was not a lot of money. It was mostly in traveling and expenses incurred, and so on.

The CHAIRMAN. Give us your best estimate, was it a hundred dollars or ten thousand dollars?

Mr. RUTKIN. I would say a couple of thousand dollars. I don't want to be evasive, Senator, but I just want to be as correct as I possibly can.

The CHAIRMAN. Very well.

Mr. HALLEY. Who brought the deal to you?

Mr. RUTKIN. I believe it was, let me see, I believe it was Spinelli. He owned a soda company called—well, it was like Coca-Cola, it was on Long Island, in Long Island City and he had a big plant out there.

Mr. HALLEY. You don't mean Pepsi-Cola, do you?

Mr. RUTKIN. No. It was Nutri-Cola.

Mr. HALLEY. That is that lad who lived up at the Sherry-Netherland?

Mr. RUTKIN. For a while he lived there.

Mr. HALLEY. What is his name?

Mr. RUTKIN. Henry Marks.

Mr. HALLEY. Henry Marks?

Mr. RUTKIN. Yes.

Mr. HALLEY. There is somebody else in there with him?

Mr. RUTKIN. Yes; I guess they had quite a few stockholders.

Mr. HALLEY. Marks brought it to you?

Mr. RUTKIN. No, no; Spinelli did. He was associated with Marks in Nutri-Cola.

Mr. HALLEY. But Spinelli came to you.

Mr. RUTKIN. Yes.

Mr. HALLEY. How did you get Charney into it?

Mr. RUTKIN. I believe they were partners.

Mr. HALLEY. Spinelli and Charney were partners when he came to you?

Mr. RUTKIN. That is right. They did not know what to do with it.

Mr. HALLEY. Did you?

Mr. RUTKIN. I told them that I had different friends that I might be able to get someone to promote it eventually, and I spoke to quite a few people in the boxing business.

Mr. HALLEY. Who did you tell him you would speak to?

Mr. RUTKIN. I spoke to Herman Taylor, a promoter in Philadelphia, Max Waxmann, Jack Dempsey's manager, I talked to Al Weill, who is the present manager of Madison Square Garden.

Mr. HALLEY. Did you speak to Frankie Carbo?

Mr. RUTKIN. No, sir.

Mr. HALLEY. Do you know him?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. You did not talk to him about it?

Mr. RUTKIN. No, sir; because he is not a promoter.

Mr. HALLEY. Whom else did you talk to about it?

Mr. RUTKIN. The first one I remember distinctly I spoke to Herman Tell, we had been very friendly for many years, and I spoke to Chris Dundee. He is a fight manager and promoter.

Mr. HALLEY. You have known all these people for many years?

Mr. RUTKIN. Yes.

Mr. HALLEY. Would Charney, who is in the public relations business, know those people?

Mr. RUTKIN. Well, Charney was with the Daily News at that time, he was a reporter for the Daily News.

Mr. HALLEY. You are going back more than 3 years then, aren't you?

Mr. RUTKIN. It was, I would say, 6 months prior to the Zale-Graziano fight, because it took me about 3 months to sell it.

Mr. HALLEY. In what year was that fight?

Mr. RUTKIN. I believe it was in 1947. I may be mistaken.

Mr. HALLEY. Charney was with the Daily News?

Mr. RUTKIN. He was still with the Daily News.

Mr. HALLEY. How did he get involved in the thing with Spinelli?

Mr. RUTKIN. I don't know.

Mr. HALLEY. What happened, in any event, did you make any money?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. How much did you make?

Mr. RUTKIN. I believe it was somewhere around five, six, or seven thousand dollars, something like that.

Mr. HALLEY. Did Charney and Spinelli put any money into it?

Mr. RUTKIN. I believe all they put in was their expenses, and one of them loaned some money to somebody to get signatures, to get the fight together, or something like that.

Mr. HALLEY. Who made that loan?

Mr. RUTKIN. I believe Spinelli laid out that money.

Mr. HALLEY. You put up the bulk of the money?

Mr. RUTKIN. No; I think Spinelli gambled about \$1,500 or \$2,000.

Mr. HALLEY. And you gambled about five or six thousand dollars?

Mr. RUTKIN. No, sir; about the same thing, about a couple of thousand, I would say.

Mr. HALLEY. And Charney put nothing in it?

Mr. RUTKIN. I don't think he did, outside of his time, and what little expenses he may have incurred.

Mr. HALLEY. How was the profit divided?

Mr. RUTKIN. We each got a third.

Mr. HALLEY. What other legitimate—

The CHAIRMAN. Well, let me ask this question here. Where was the Tournament of Champions held?

Mr. RUTKIN. The boxing matches, Senator?

The CHAIRMAN. Yes.

Mr. RUTKIN. In Newark, N. J.

The CHAIRMAN. Did you have several boxing matches, or why did you call it a tournament?

Mr. RUTKIN. Well, it was called the Tournament of Champions, because they obtained the middleweight champion signature, and I also did get in touch with Zale's manager, who was a friend of mine,

in Chicago. I cannot think of his name. He was a good friend of mine, too.

He agreed also that if he won the title he would sign to give another match under the auspices of the Tournament of Champions.

So it was something like perpetuating, you know, the middleweight championship.

So it was really something to sell.

The CHAIRMAN. Did you have several fights?

Mr. RUTKIN. No, sir, just that we did not have any.

The CHAIRMAN. You did not have any fights?

Mr. RUTKIN. No, sir.

The CHAIRMAN. What is the idea of getting together all those middleweight champions, then?

Mr. RUTKIN. Well, the promoters put it on, the promoters that bought the fight business.

The CHAIRMAN. Where was the fight held?

Mr. RUTKIN. In Newark, N. J., at the ball park.

The CHAIRMAN. How many fights were held?

Mr. RUTKIN. Well, they had the first one, and then they had the Zale one, he regained it, and then he fought Cerdan, and Cerdan won the title. I guess that was all. Cerdan got killed in an airplane crash.

The CHAMPION. Did you say it was for a flat amount?

Mr. RUTKIN. To the best of my recollection, I believe it was sold for about \$25,000.

The CHAIRMAN. Well, during this time did you, and what was the first man's name, Spinelli, and Charney, meet and decide upon the thing, or did you have frequent meetings with them?

Mr. RUTKIN. Yes, sir.

The CHAIRMAN. Where would you meet?

Mr. RUTKIN. We met a few times on Fifth Avenue, at the offices of the Nutri-Cola Co., and I believe we met a few time in Sam Salvin's restaurant, he had a restaurant on Park Avenue.

The CHAIRMAN. Well then, did you then travel around to see these people?

Mr. RUTKIN. No, sir, or, I mean yes, sir.

The CHAIRMAN. You did all the traveling?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. Well, the whole project was sort of a failure, wasn't it?

Mr. RUTKIN. Pardon?

Mr. HALLEY. It just fizzled out, didn't it?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. You had rather high hopes for it originally, didn't you?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. What happened? Why couldn't you put it over?

Mr. RUTKIN. Well, it could of lost a lot of money, too.

Mr. HALLEY. Well now, look, you went in it to make money. Why couldn't you make money?

Mr. RUTKIN. Well, there were several reasons. I did not think that Spinelli had the proper background to be a boxing promoter.

Mr. HALLEY. What was his background?

Mr. RUTKIN. Well, he has been in trouble, or he had been in trouble during prohibition.

Mr. HALLEY. What kind of trouble?

Mr. RUTKIN. I don't know, I was not intimate with him.

Mr. HALLEY. He was convicted, wasn't he?

Mr. RUTKIN. I don't know.

Mr. HALLEY. As a bootlegger?

Mr. RUTKIN. He was a bootlegger, I guess, but I could not tell you.

Mr. HALLEY. Well, that should not have shocked you. You were a bootlegger?

Mr. RUTKIN. That is right.

Mr. HALLEY. So you did not have the right background to go into the promoter's business either.

Mr. RUTKIN. No.

The CHAIRMAN. What was the matter? What about Charney?

Mr. RUTKIN. Well, he was in the newspaper business, and in order to be a boxing promoter he would have had to practically give up his business, which he did do, eventually, to go in the public-relations business.

Mr. HALLEY. Well, even so, why couldn't you put this thing over? You apparently had certain difficulties when you started as to how you might do it, did you not? And you also had certain ideas when you started as to how you might do it, did you not?

Mr. RUTKIN. Well, as I told you, Max Waxmann, I believe, is as shrewd as anybody in the fight business that I have ever met, and he said it was an out-and-out gamble.

Mr. HALLEY. Now, did you talk to Frank Carbo about it at any time?

Mr. RUTKIN. I don't believe I ever spoke to Frank about it.

Mr. HALLEY. Did either of your associates, to your knowledge, speak to him?

Mr. RUTKIN. No, sir.

Mr. HALLEY. Isn't it a fact that unless Frank Carbo was in the venture, you just could not get enough fighters to make it worth while?

Mr. RUTKIN. Well, I am going to tell you frankly, that if I had run into Frankie, I would have spoken to him about it. It was just that I did not run into him.

Mr. HALLEY. What would you have spoken to him about?

Mr. RUTKIN. Well, I know that he knows a lot about boxers, and I would have asked him what he thought about it. I would think that he would have a good opinion.

Mr. HALLEY. But you made no effort to find him or to talk to him about it?

Mr. RUTKIN. No, sir.

Mr. HALLEY. What other legitimate enterprises did you have, business enterprises?

The CHAIRMAN. Before you leave that, may I ask this, I am very much interested in how these boxing tournaments are arranged.

Where did you know Charney first, and how did you happen to meet him?

Mr. RUTKIN. Well, I don't recall, but it was some kind of a distant relative business.

The CHAIRMAN. Some kind of what?

Mr. RUTKIN. Distant relatives. I don't know if it was through marriage, through his wife, or something.

The CHAIRMAN. You and he were fairly good friends for 5 years?

Mr. RUTKIN. Not fairly good, I just knew him, seeing him around Saratoga, mostly in the summertime, I would go up occasionally and see him around there when he was a reporter, and I would speak to him like I did to the other reporters up at Saratoga.

The CHAIRMAN. What were you doing up there?

Mr. RUTKIN. The same as everybody else, I would go to the races, and go out at night, I would lose my money and go home.

The CHAIRMAN. Was Charney related to your wife in some way?

Mr. RUTKIN. No, sir; I believe it was through his wife or himself, I don't recall what it was, but he spoke to me about it, he said it was through some relative.

The CHAIRMAN. You were not related to Spinelli?

Mr. RUTKIN. No, sir.

The CHAIRMAN. Would you visit in Charney's home and would he come to your home?

Mr. RUTKIN. Charney has never been to my home. He was to my daughter's wedding 2 years ago, and I was to Dave's home several times, quite a few times.

The CHAIRMAN. Do you mean just social visits?

Mr. RUTKIN. Yes, sir.

The CHAIRMAN. Did you have any other business with him?

Mr. RUTKIN. No, sir.

The CHAIRMAN. Now, Spinelli, isn't he the fellow, it seems like I remember his name, who was connected with the black-market sugar operation? Is that the fellow?

Mr. RUTKIN. It may have been, I don't know.

The CHAIRMAN. All right.

Mr. HALLEY. Now, what other legitimate enterprises or businesses or activities did you have between 1940 and 1951?

The CHAIRMAN. That is, what you made legitimate money out of.

Mr. HALLEY. Or even lost money on, but in the course of doing it, you were in a legitimate enterprise?

Mr. RUTKIN. Well, up until 1943, for 3 years, we sold the company in 1943, I received \$250,000 in cash from my partner, and for that I gave him a release, which I had to, from Brown Vintner Co., and himself, and I was just hoping against hope to get back in the whisky business, which I am sure I would have been better off in if I had.

Mr. HALLEY. Was that a reason for not going into any other activities?

Mr. RUTKIN. Yes.

Mr. HALLEY. Well, look, it didn't keep you out of the gambling business. Why don't you talk frankly to the committee?

Mr. RUTKIN. Why don't I what?

Mr. HALLEY. Why don't you talk frankly to this committee? I mean, you say you were waiting around to go back into the liquor business, so you could not go into a legitimate business. Therefore, I presume you were able to go into an illegitimate business. It doesn't make much sense, and it is not calculated to impress this committee with your frankness or fairness.

Mr. RUTKIN. Well, I cannot answer that, because I may incriminate myself, Mr. Halley.

Mr. HALLEY. Well, there is just no answer to it. What is the real reason—well, before we get the reason, didn't you go into any other

legitimate activities whatsoever, other than this tournament of champions, between 1940 and 1951?

Mr. RUTKIN. Well, I can explain that. In 1946 I received an affidavit or information from some associates of mine that thought I was in collusion with Mr. Reinfeld.

Mr. HALLEY. I am going to interrupt you, because you are not answering the question. I did not ask you why, the question was whether or not you had had any other legitimate activities, and the answer to that is either "Yes" or "No," and then you can go on with your explanation.

Mr. RUTKIN. To my best recollection, I don't think so.

Mr. HALLEY. All right. Now, will you give your explanation.

Mr. RUTKIN. In 1946 I was asked by a couple of my associates about something, and they gave me an affidavit——

Mr. HALLEY. Please name the people.

Mr. RUTKIN. Mr. Morris Kanningeiser, and Mr. Facher. As a result of the information they gave me, it was not that I felt bad enough to think that they would think that I would be associated with anything unethical in my partners, that I made quite a few trips to Canada, to Montreal, to the hall of records, and the courthouse, and I retained an attorney. I retained attorneys in Canada and also here in New York City.

Mr. HALLEY. What did they tell you that upset you?

Mr. RUTKIN. Well, we purchased a distillery up there.

Mr. HALLEY. Who is we?

Mr. RUTKIN. Joe Reinfeld and myself.

Mr. HALLEY. You purchased a distillery where?

Mr. RUTKIN. In Canada.

Mr. HALLEY. When?

Mr. RUTKIN. In 1931.

Mr. HALLEY. Go ahead.

Mr. RUTKIN. And they told me that I was away for a couple of weeks and——

Mr. HALLEY. When were you away?

Mr. RUTKIN. Right at the closing time of the distillery.

Mr. HALLEY. When did the distillery close?

Mr. RUTKIN. At the closing time of the sale, I am referring to.

Mr. HALLEY. When was that?

Mr. RUTKIN. In 1931, and Joe Reinfeld had told me that Sam Bronfman, chairman of Seagram's, got him drunk, and he turned over the distillery to him for nothing, and dollar for dollar, I said, "Sam is my friend, and I am going up and get it back dollar for dollar."

Mr. HALLEY. When did he allegedly turn the distillery over to him, in what year?

Mr. RUTKIN. 1931.

Mr. HALLEY. When did you buy the distillery?

Mr. RUTKIN. In 1931.

Mr. HALLEY. Do you mean that the transaction occurred in 1 year, that you bought and sold it in 1 year?

Mr. RUTKIN. The whole thing happened in about 2 months, I guess.

Mr. HALLEY. I see. What did you pay for the distillery?

Mr. RUTKIN. We had to give up 10 percent, I believe, to the man we bought it from, plus, I don't remember the exact amount, it was a brand-new distillery.

Mr. HALLEY. Did you pay any cash for it?

Mr. RUTKIN. Well, we put up very little cash on account of the mortgage—the total investment was not much, right off the bat, it had reached \$75,000 or \$100,000.

Mr. HALLEY. And Reinfeld said that he had to give it to Bronfman for nothing?

Mr. RUTKIN. That is right.

Mr. HALLEY. What did you later find out?

Mr. RUTKIN. Well, it was some years later, in 1946, when these other two gentlemen asked me up to their insurance office, and they asked me, "We want to ask you a question, if you don't mind." I said, "Sure, ask me anything you like."

And they told me that Joe Reinfeld told them he was offered 150,000 shares of Seagram's stock for the turn-over of that distillery, but he would not accept less than 250,000 shares. It was just sold, and when they asked me about it, they had the operators for the distillery ready. He had said, "Well, if you want to know any more about it, ask Jim, don't bother me." They said, "Did you cut the pie, with Joe? We don't want any money, we are just curious."

I said, "That is the first thing I ever heard about it."

So I started investigating, and Mr. Leon in Canada, whom we bought it from, he sued both of them for breach of contract, and so on, and I have been working on that, and I naturally uncovered, I guess it is like a bank clerk coming to work one day, and he is missing \$200, and they go back over 10 years, and they find that there is \$20,000 missing.

Well, there was a series of events right to the finish of it.

So I started working on that, and I eventually filed a suit through Hawkins, Delafield, and Wood, here in New York City, on Wall Street, in the Federal court in the southern district here, and after numerous hearings, before the trial examinations—it is on the docket for trial—and my attorneys have notified me that it is on for the February term of court.

Mr. HALLEY. What year?

Mr. RUTKIN. This year, this month.

Mr. HALLEY. Wasn't there some point at which—and there is no offense meant—wasn't there some point at which you went in to see Mr. Reinfeld and asked him to settle up in cash, in which you were said to have had a gun in your hand?

Mr. RUTKIN. That is what he said.

Mr. HALLEY. What do you say?

Mr. RUTKIN. It is ridiculous.

Mr. HALLEY. He did pay you cash, though. Now, if this is getting into your income tax situation in a way that might incriminate the witness on a Federal offense, I don't want to ask the question.

Mr. COHEN. At this point I have no objection to his answering your question.

Mr. HALLEY. Go right ahead.

Mr. RUTKIN. He gave me \$250,000 in cash, in the presence of four attorneys and two accountants.

The CHAIRMAN. When was that?

Mr. RUTKIN. 1943, May 10, 1943, and the attorneys witnessed the paying of the money. He never told any of them he was ever threat-

ened. He never told any police officer or district attorney that he was threatened. The only time he mentioned that was when he threatened me; his brothers went all over Newark, and they said that I was going to be indicted unless I settled that civil suit. I said, "No, I wanted friendly arbitration, and after they thought they buried all the bones, they said, 'If you have anything to arbitrate,' they said, 'If you have anything to arbitrate, do so legally'."

Now that I have gone through the trouble to do so legally, and I never sued anybody, nor has anybody sued me, I said, "We will have it legal."

So I was indicted the very last day, very mysteriously.

Mr. HALLEY. You did get some cash, is that right?

Mr. RUTKIN. Yes, \$250,000, in the presence of—

Mr. HALLEY. Did Zwillman get any?

Mr. RUTKIN. He got \$350,000.

Mr. HALLEY. He and Reinfeld and you were in that distillery together?

Mr. RUTKIN. No, sir; he had nothing to do with that distillery.

Mr. HALLEY. How did he get into it?

Mr. RUTKIN. He was not a partner. Joe Reinfeld and I were up there by ourselves.

Mr. HALLEY. But where does Zwillman fit into this case settlement?

Mr. RUTKIN. He was cheated out of that money, most of it, by Reinfeld, out of a settlement—you see, Reinfeld claimed he gave the Government \$400,000, through a tax arrangement that he had with the Government, and it was an investigation, and he claimed that it cost him \$90,000 in expenses and legal fees, and so on, a total of \$490,000. He charged those fellows with \$240,000. They had found out that he had deducted that from their share of the money in Brown Vintner's but in 1943, when it was found out that it was for his personal tax that that \$490,000 came from, he admitted it and gave them that right away. That was part of the \$348,000; it was all from Brown Vintner.

Joe Reinfeld testified he don't know who the \$2,000,000 was for. They were all dummy names, but he knows that I was not one of them. He knew that while I threatened him from 1943, the latter part of 1942, his testimony was that one of the examinations, or at one of the examinations when I threatened him he was asked, "What did you do about it, did you go to the police or to the district attorney?" His answer was, "No."

They asked him, "What did you do?" He answered, "I spoke to my attorneys."

He was then asked: "What did you tell them?"

Well, anyway that they had negotiated with Mr. Rutkin's attorney.

Then he was asked, "Who is that?" And he named Samuel Kessler, an attorney in Newark.

Then he was asked, "What did they do?" He said, "We had seven or eight meetings, and I gave him \$250,000."

He was then asked: "Did you tell your attorneys or anybody then, that you were threatened?" And he answered, "No."

He was then asked: "You didn't tell anybody?" And his answer was, "No, sir."

Only when he wanted to have me indicted. It is hard to believe, but it is so.

The CHAIRMAN. May I ask one question, Mr. Halley, before you proceed?

Mr. HALLEY. Yes, certainly.

The CHAIRMAN. This \$250,000 you got was in settlement of Brown Vintner, that did not have anything to do with the Canadian deal, did it?

Mr. RUTKIN. That is right, it was the Brown Vintner deal.

The CHAIRMAN. And the suit that you had filed was about the Canadian venture.

Mr. RUTKIN. As it is a continued conspiracy, right into the sale of Brown Vintner. Brown Vintner was a \$20,000,000 deal, and he sold it for 7½ million.

The CHAIRMAN. How much do you claim he owes you out of the Canadian situation?

Mr. RUTKIN. All told I have suits for \$22,000,000 against he and the Bronfmans.

The CHAIRMAN. Tell us about the Bronfmans. I have been very much interested in them.

Mr. RUTKIN. Well, the Bronfmans are four brothers from Montreal, Canada. They own little hotels up there. Now, if you want to find out more about the hotels, you can ask the Canadian Mounted Police, and they will tell you about the little hotels, and you can use your imagination.

The CHAIRMAN. Is it like certain types of tourist camps down South? Is that the kind of hotels they are?

Mr. RUTKIN. Well, I don't know how they are there, but only from what I read of hotels, that people sleep very fast, they rent them quite a few times during the night.

The CHAIRMAN. I want to explain that I did not mean to disparage all of the tourist camps, but there are some very few that are alleged to do that sort of thing.

Mr. RUTKIN. I don't know.

The CHAIRMAN. Tell us about the Bronfmans.

Mr. RUTKIN. They have even got a lot of bad publicity in Canada. They have been accused of bribing Canadian officials or a Canadian official, and they have had big headlines in 1935 for defrauding the Canadian Government of, I think it was 5 or 10 million dollars, or something like that, by sending whisky barrels of water back to St. Pierre, because whisky is higher in tax there than it is in this country.

They sure did a very good job up there with the distillery.

We were their principal purchasers of whisky.

Now, we met them in Paris, there is Sam and Allan, they don't speak to the two farmers, Abe and Harry, or vice versa, but they control Seagram's. They have got about 56 or 60 percent of it, I guess, and they settled with the Government very, very cheaply, for a million and a half dollars.

They asked us at that time if we wanted to go in with them, with the company, that they intended to move it to this country.

Well, we took the position that we did not want to go in with them, because we had the outlet and not they. In the beginning of the whisky business, the first few years, it was who you knew. They did not believe in advertising these fancy names like people believe in today.

Mr. HALLEY. When you say "We had the outlet," who do you mean?

Mr. RUTKIN. Joe Reinfeld and myself and my partners.

Mr. HALLEY. In other words, are you saying that the people who had the edge in the whisky business were the people who had been bootleggers and knew the retail trade?

Mr. RUTKIN. Yes, sir; I can explain it simply, Mr. Halley. For example, if Mr. Cohen here had a wholesale house in Milwaukee, and which happened, I mentioned at the trial one specific case, two of them in Chicago, the Old Gold and Gold Seal, National Distillers would not give them any credit. They said that they were bootleggers and they would only give them five thousand.

We knew that they were good, and we would send them a hundred thousand. We had the White Horse agency, and we loaded them with White Horse. If you were a cafe owner, and you wanted a case of Scotch, you got nine cases of White Horse and one case of something else. Well, when they had it they had to tell everybody how good it was and sell it, and White Horse for the first 5 or 6 years was the biggest seller as a result of that type of pushing.

Mr. HALLEY. Who in the New York area used that type of tactics, Mr. Rutkin?

Mr. RUTKIN. In the New York area?

Mr. HALLEY. Yes.

Mr. RUTKIN. I would say most of the wholesalers, outside of Austin Nicholls.

Mr. HALLEY. Can you give us the names?

Mr. RUTKIN. Well, two of them are not in the liquor business, Lou Pappas, he was one of the big dealers, and he is in the television manufacturing business today.

Mr. HALLEY. That is a familiar name. Didn't he go into the television set-up?

Mr. RUTKIN. Yes, into the Teleking Television Co.

Mr. HALLEY. Isn't he in there with Barman?

Mr. RUTKIN. That is the only one I know of.

Mr. HALLEY. Well, never mind. I will check that. Go ahead, please.

Mr. RUTKIN. There was Harry Sweeny, and I would say, oh, there is a place in Long Island, the biggest operator in Long Island, I cannot think of his name, but it is the biggest wholesale house in Long Island. He pushed our brand a lot, just out of friendship. We would give him credit.

Mr. HALLEY. Who was that?

Mr. RUTKIN. They had unlimited credit with us, because we knew they were good.

Mr. HALLEY. Who was that firm? I am not sure you understand my question. Whose operations were comparable to Gold Seal in Chicago?

Mr. RUTKIN. To Gold Seal? Old Gold.

Mr. HALLEY. Old Gold, is that here?

Mr. RUTKIN. No, in Chicago.

Mr. HALLEY. I am talking about New York or New Jersey.

Mr. RUTKIN. New York or New Jersey?

Mr. HALLEY. Yes.

Mr. RUTKIN. I would say Reinfeld, Joe Reinfeld Co. in Newark, was the biggest user of all. He owns the wholesale company at the present time in Jersey.

The CHAIRMAN. Where?

Mr. RUTKIN. In Newark.

Mr. HALLEY. Who else?

Mr. RUTKIN. Well then, there was Galsworthy Co. It was most all of the wholesalers give us a good push over there.

Mr. HALLEY. These were all people you had deals with during the prohibition era?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. Who else was there?

Mr. RUTKIN. I just cannot think offhand. I know there was Charles O'Neill in Florida, the South Florida Liquor Co., he was our top pusher down there. He still owns it, Charley O'Neill does.

The CHAIRMAN. How about down in Tennessee, did you have any wholesalers down there?

Mr. RUTKIN. In Tennessee? Is that a State monopoly in Tennessee?

The CHAIRMAN. No.

Mr. RUTKIN. No, we concentrated mainly on the big centers. Outside of White Horse, when we first broke Wilson in, we broke it in New York, or rather, in New Jersey, where we were fully familiar with the business.

Mr. HALLEY. How was Wilson peddled? A little while ago you gave us an important clue, you said if you had people, wholesalers, who knew the bars, that they would just insist on the bar taking a certain number of cases, and then the bar had to push it.

Mr. RUTKIN. That was White Horse.

Mr. HALLEY. Who did that for White Horse in New York and New Jersey?

Mr. COHEN. You mean for Wilson?

Mr. HALLEY. First for White Horse. We will get Wilson second.

Mr. RUTKIN. I believe all the partners worked hard. I know that I did.

Mr. HALLEY. What wholesalers were willing and able to push it that way?

Mr. RUTKIN. Well, I could not tell you offhand myself. I can get the fellow who is general sales manager in charge of Greater New York, a fellow by the name of Ben Grade, he was in charge of this district.

The CHAIRMAN. What does he do now?

Mr. RUTKIN. Ben has got a wholesale liquor license in the State of Florida. He is in the liquor business.

Mr. HALLEY. Well, how about, what is it, Three Feathers?

Mr. RUTKIN. That is Schenley's.

Mr. HALLEY. No, Wilson I mean. How did you push that?

Mr. RUTKIN. We acquired that, and maintained—in 1936, I believe.

Mr. HALLEY. Who is "we"?

Mr. RUTKIN. Reinfeld, we obtained that very cheaply from Schenley. They made a bust out of it two or three times. They had a nonrefillable top, and so on.

Mr. HALLEY. Yes.

Mr. RUTKIN. We were not partners with Seagram's, and they agreed to bottle it at the Maryland plant, where they bottle Calvert.

We had a yellow label on it then, but somehow or other it just did not catch the first 6 months or 8 months.

Mr. HALLEY. How did you go about pushing it with the various bars?

Mr. RUTKIN. Well, I would say one of the salesmen, the best way is that he would go into a strange bar—in friendly bars they just naturally will push it for him, and he could even go into a strange bar, and if you give the bartender \$5 and buy a drink and say keep the change, he will tell the boss that there is so much demand for that whisky, and he will keep pushing that product, until the next whisky salesman comes around, and he will do the same thing.

However, the important thing is to get the cafe to put it on the bar so that it can be seen. That is the important thing.

Mr. HALLEY. Well, did you have friends who were willing to push your brand?

Mr. RUTKIN. Yes.

Mr. HALLEY. You did?

Mr. RUTKIN. Yes.

Mr. HALLEY. And that was an important factor in the early days of post-prohibition era?

Mr. RUTKIN. Yes.

Mr. HALLEY. And those friends were generally fellows that ran speakeasies during prohibition, is that right?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. While we are still on this liquor phase, do you want to ask any questions?

Mr. SHIVITZ. Yes. Who is Doc Stacher?

Mr. RUTKIN. He is a friend of mine. He was a blind stockholder in Brown Vintner Co.

Mr. HALLEY. What do you mean by a "blind stockholder"?

Mr. RUTKIN. He had his stock fronted by unknown nominees, front men.

Mr. HALLEY. Who were they?

Mr. RUTKIN. There were quite a few. At the trial, the president of the company, Joseph Newman, testified that he was the president for 10 or 12 years, and the stock that was put under his name was sold for somewhere around \$200,000, or a little more, and he diverted the cash to Mr. Reinfeld, after he had paid the capital tax gains on it.

So all the tax on Brown Vintner Co. was paid to the Government. They conceded that on the 5½ million dollars profit, it is all paid.

Mr. SHIVITZ. When you got into a dispute between yourself and Reinfeld, after there was a settlement, so-called, between yourself and Reinfeld, is it a fact that Stacher was your intermediary as between you and Reinfeld?

Mr. RUTKIN. Well—

Mr. SHIVITZ. And that Stacher called and said that Rutkin was not satisfied with the settlement?

Mr. RUTKIN. Something like that.

Mr. SHIVITZ. Did that also apply to Zwillman, that there were settlements, one for you and one for Zwillman?

Mr. RUTKIN. No, sir; we all got the money at the same in the same office. It was brought there in one or two valises by Lou Holz.

Mr. SHIVITZ. Prior to that, Stacher had communicated with Reinfeld and said that you were not satisfied with Zwillman, is that correct, or was it after you got the \$250,000?

Mr. RUTKIN. I don't recall that, I don't recall whether he did or not.

Mr. SHIVITZ. All right. Now, at your trial did Kanningeiser and Stacher testify in your behalf?

Mr. RUTKIN. Yes, sir.

Mr. SHIVITZ. Were you ever in business with Zwillman, other than the Brown Vintner?

Mr. RUTKIN. Well, I cannot answer that, because it could be. I had a lot of trouble on the stand there, in this way: I was asked to come before Commisisoner Bromberger here, which I did, and he asked me a lot of question, as to how many brothers I had, and all that business.

I said, "What does that have to do with what you want to ask me about?"

Well, he brought out at the trial, the district attorney, "Were you ever partners with Longy Zwillman?" And I said, "No, sir."

So he read that testimony, and in the meantime—oh, no, he brought the testimony out there, that I said, no, sir.

Now, here he said, "Well, you met with Zwillman?" And I said, "Yes, I met him."

Mr. SHIVITZ. Didn't you ever talk about business?

Mr. RUTKIN. No, once in a while, when I would say, "Do you know this fellow from the Astor Hotel. gee, he ought to be good user, if you can make a deal with him, and he could push our whisky." Something like that.

Mr. SHIVITZ. You are certainly going an awfully long way around to get home.

Were you ever in any business venture other than Brown Vintner? That calls for a "Yes" or "No" answer.

Mr. RUTKIN. To my best recollection, no, because I would have to explain it this way, I called at——

Mr. SHIVITZ. Why don't you come down to the point?

Mr. RUTKIN. Well, it would be like Jack Cohen and I and you having stock in General Motors, and if Mr. Halley was going to buy a Ford, we would talk him into buying a Chevrolet. We are just stockholders. But I never made any business deal with Longy Zwillman.

Mr. SHIVITZ. Were you stockholders in the same company, to your knowledge?

Mr. RUTKIN. Yes, sir.

Mr. SHIVITZ. What company or companies?

Mr. RUTKIN. Well, in Brown Vintners. Now, I don't want to go back to bootlegging days.

Mr. SHIVITZ. Before you go back to bootlegging days, what company besides Brown Vintner?

Mr. RUTKIN. To my best recollection, I don't remember.

The CHAIRMAN. Then go back to the bootlegging days.

Mr. RUTKIN. Well, he was a good firm, and we merged on different occasions; we did business together.

The CHAIRMAN. What was his firm and what was yours that merged?

Mr. RUTKIN. He was with a fellow by the name of Eddie Seaman, and Stacher, and a few other fellows.

The CHAIRMAN. What was the name of their company?

Mr. RUTKIN. They didn't have any name. We didn't have any name, it was just a bootlegging company, and instead of using one

clock, it was a question of putting on twice as much liquor, and we would each take half.

Mr. SHIVITZ. Did you ever invest in any stock such as the Hudson and Manhattan Railroad?

Mr. RUTKIN. No, sir.

Mr. SHIVITZ. How were you made aware of the fact that there were negotiations going on between Zwillman and Reinfeld?

Mr. RUTKIN. Between Zwillman and Reinfeld, in what period?

Mr. SHIVITZ. At the time you got the \$250,000, and he got the \$308,000, or whatever it was.

Mr. RUTKIN. Well, we were both talking about it.

Mr. SHIVITZ. Both, meaning you and Zwillman?

Mr. RUTKIN. Yes.

Mr. SHIVITZ. Where?

Mr. RUTKIN. Well, in Newark, but we had heard different things, and I believe one of them, or myself, got part of it from Sam Cohen and George Goldstein, who are accountants.

Mr. SHIVITZ. For who?

Mr. RUTKIN. For the Brown Vintner Co.

Mr. SHIVITZ. And at that point you and Mr. Zwillman decided to take some action?

Mr. RUTKIN. We started investigating.

Mr. SHIVITZ. With respect to Reinfeld?

Mr. RUTKIN. That is right; yes, sir.

Mr. SHIVITZ. And who do you know as the principals in that Galsworthy Liquor Co. that you mentioned.

Mr. RUTKIN. One fellow sold out, the other fellow sold out, Max Kufferman, and he now lives in Palm Springs, he is retired, he sold out his interests. He had a 50-percent interest until about 3 years ago.

Mr. SHIVITZ. Were you ever in any venture and associated with Irving Haim?

Mr. RUTKIN. No, sir. I know Irving Haim. I never had any business dealings with him.

Mr. SHIVITZ. Or with Phil Kessler?

Mr. RUTKIN. No, sir.

Mr. SHIVITZ. Did you ever buy any of their goods?

Mr. RUTKIN. No, sir.

Mr. SHIVITZ. Or sell any?

Mr. RUTKIN. No, sir.

Mr. HALLEY. How long have you known Frank Costello?

Mr. RUTKIN. I would say 20 or 25 years, something like that.

Mr. HALLEY. Have you ever been in any business relationships with him?

Mr. RUTKIN. No, sir; none whatever.

Mr. HALLEY. Now, when we got into all this liquor stuff, we did that because you were explaining why you had never got into a legitimate business, except the Tournament of Champions. I presume the liquor problem came up in 1946, you first found out about it?

Mr. RUTKIN. About that; yes.

Mr. HALLEY. As a result of finding that out, you gave up all thought of legitimate business, and devoted yourself to a lawsuit, is that right?

Mr. RUTKIN. Well, I have interviewed hundreds of witnesses and had a lot of depositions, and so forth. I was convicted actually of not being a partner in Brown Vintner, when there is probably 5,000

people around the country who know that I was, such as Billy Rose, and Walter Winchell, and I don't know how many other people I met in the office, and they knew I was a partner, but those were people that I did not want to call in on a criminal trial. When I get to a civil case, that will be another thing.

Mr. HALLEY. How did you get involved with this G. & R. Trading Co.?

Mr. RUTKIN. I don't know, it was just one of them things, and I quit.

Mr. HALLEY. Well, you were in there for a year, is that right?

Mr. RUTKIN. I don't think it was that long.

Mr. HALLEY. From April 11, 1945, to April 10, 1946, was the period of operation, with a net profit stated on the books of \$255,271, is that your recollection of it?

Mr. RUTKIN. I could not recall it.

Mr. HALLEY. Can you tell the committee about that transaction? It would be very helpful to have one witness who would just sit down and tell the committee the story.

Mr. RUTKIN. Well, I am in enough trouble with a suit going on, and I am so busy. I was in Florida for 3 days a week ago, and I came back for this interviewing and getting depositions—I was down there interviewing and getting depositions down there, and I have got people in Boston to see, and I have got to fly to the coast and see Abe Lyman, and Mike Lyman, and different people.

Mr. HALLEY. Well, I don't want to get you into any trouble, but you have no privilege against incrimination in the case of a State offense, but even more so, this thing, all the records and everything I know show that you were out by April of 1946. There is nothing that I have that shows that you were in after that, and I don't think that anybody is going to go after you for that, because the statute of limitations has run. You can really help this committee—

Mr. COHEN. I would like to say this, unfortunately we do not feel that the statute of limitations protects us. We have a situation where any time they want to, upon information we might furnish in answer to your questions about this situation, they can get a superseding conspiracy indictment, which will affect us, if the conspiracy is still in duration, and it may very well be from what is going on in Bergen today, even if we dropped out of the conspiracy 5 years ago.

Mr. HALLEY. Well, there is no point arguing about the law.

Mr. COHEN. I am merely trying to indicate why we have a reluctance to tell you about this.

Mr. HALLEY. We had better get down to the question of what he is to get into, the very dubious chance of getting indicted in New Jersey—and nobody ever seems to get indicted there—or the very definite thing that this committee will insist upon this answer.

So I will proceed.

Do you know Joe Adonis?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. RUTKIN. Oh, I would guess 15 years.

Mr. HALLEY. Where did you first meet him?

Mr. RUTKIN. I could not state exactly where, probably New York City.

Mr. HALLEY. Who first introduced you to him?

Mr. RUTKIN. I don't recall that, either. It was just an incident. It was probably in a cafe, or something like that.

Mr. HALLEY. Have you ever had any business relationships with Joe Adonis?

Mr. RUTKIN. Well, I am sorry, but I respectfully will have to decline to answer that on the grounds that it may incriminate me.

Mr. HALLEY. Is it not a fact that between April 11, 1945, and April 10, 1946, you participated in a company known as the G. & R. Trading Co. with Joe Adonis?

Mr. RUTKIN. It was part of that time, somewhere around that time, I don't know exactly.

Mr. HALLEY. Who first brought the G. & R. deal to your attention?

Mr. RUTKIN. I don't recall.

Mr. HALLEY. Did you ever talk to Joe Adonis about it?

Mr. RUTKIN. I don't believe I did.

Mr. HALLEY. Did you ever talk to Moretti about it?

Mr. RUTKIN. No, sir.

Mr. HALLEY. Did you ever talk to Tony Guarini about it?

Mr. RUTKIN. I don't recall if I did or not. I may have, I don't recall.

Mr. HALLEY. Did you ever talk to Jerry Catena about it?

Mr. RUTKIN. I think I did; yes.

Mr. HALLEY. Will you tell the committee what discussion you had with Jerry Catena?

The CHAIRMAN. I would like to know how these things get formed.

Mr. RUTKIN. Well, Senator, from going around in places, you see people gambling at Saratoga and various places, and I had a place for a few weeks the prior year in 1944 by myself, and it was not successful, but it was only open a short time. I figured, well, either the money was stolen, or I didn't know how to handle the business. The man I had to get me dealers didn't know, and I kind of, for something to do, I kind of sought it out myself, but after I was in it I didn't like it, and I didn't want it, and I just quit.

The CHAIRMAN. All right. Excuse Mr. Halley.

Mr. HALLEY. That is all right.

What was there that you didn't like about it?

Mr. RUTKIN. Well, I don't know. I just didn't like it.

I guess the easiest way to explain that of anything, I have just started with the realization that I have two daughters. One was married a couple of weeks ago, and if you filled this room with money, there isn't enough money printed to have me do anything that is illegal.

After I was in it, I said, "As soon as this is over, I want to quit right then and there."

I guess it is like a kid having a toy. You want to be in something, and after you get it, you just discard it.

Mr. HALLEY. With whom did you first discuss going into it, Catena?

Mr. RUTKIN. I believe it was Jerry, because I knew Jerry best.

Mr. HALLEY. How long have you known Jerry?

Mr. RUTKIN. Oh, many, many years.

Mr. HALLEY. Was he one of the old Reinfeld group in the bootlegging days, and Zwillman?

Mr. RUTKIN. No.

Mr. HALLEY. How did you know him?

Mr. RUTKIN. Well, I am older than Jerry, I think I must be 2 or 3 years older than Jerry, and when I was a kid around 20, there is a vast difference between 16 and 17 and a big guy of 20, like I was, so I just knew Jerry to see him around. I knew his brothers. They were all born and raised in Newark, I believe.

Mr. HALLEY. Do you come from Newark?

Mr. RUTKIN. I was born in Newark.

Mr. HALLEY. And you were raised there?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. Why did you take this thing to Jerry? Had he been in the gambling business for some time?

Mr. RUTKIN. No. I am not positive I took it to Jerry, but I think I did. It was just casually talking, you know.

Mr. HALLEY. Well, he was also a close friend of Longy Zwillman, wasn't he, and you, both?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. And didn't you want to clear the thing with Longy?

Mr. RUTKIN. No, sir, it wasn't necessary to clear it with anybody.

Mr. HALLEY. Well, what would be the reason for going to Catena?

Mr. RUTKIN. I don't know. I figured he could help me out, that I was not capable, I suppose.

Mr. HALLEY. What did he say?

Mr. RUTKIN. Because I had tried the gambling business once before, and it was a failure.

Mr. HALLEY. Where did you go to see him first?

Mr. RUTKIN. I used to see Jerry quite frequently in Newark.

Mr. HALLEY. Where did you first discuss it?

Mr. RUTKIN. I believe in a barber shop in Newark, on Branford Place.

Mr. HALLEY. How did it come out, what did you say and what did he say?

Mr. RUTKIN. I don't recall the conversation.

Mr. HALLEY. In general, did you propose something?

Mr. RUTKIN. It was just in conversation.

Mr. HALLEY. Did you propose that you might open up a game?

Mr. RUTKIN. That is right.

Mr. HALLEY. And did he like the idea?

Mr. RUTKIN. Well, he said—well, we just spoke about it, and spoke about it, and spoke about, and finally it happened.

Mr. HALLEY. What did you fellows do about it next?

Mr. RUTKIN. Gee, I don't recall.

Mr. HALLEY. I see here that you and Catena had 20 percent each, and then 60 percent went out to the others, for instance, Joe Adonis got 30 percent, and naturally I am very curious to know how Joe Adonis was brought into the picture, and why he got the lion's share of it.

Mr. RUTKIN. Well, I did not particularly want even 20 percent, which is quite a large piece in gambling, when you gamble. I was partners with a gambling place once in 1941, in Florida, and we lost money. Everybody else made money, and we lost money.

So I guess I just don't know that business. I just tried it again, and didn't want any part of it any more.

Mr. HALLEY. Well, now, you are not making much sense, Mr. Rutkin. In fact, you are not making any at all.

You were in a gambling deal in Florida in 1941. What was that?

Mr. RUTKIN. In Florida?

Mr. HALLEY. Yes.

Mr. RUTKIN. In 1941.

Mr. HALLEY. What business was that?

Mr. RUTKIN. The winter of 1940-41.

Mr. HALLEY. No, what was the name of the operation?

Mr. RUTKIN. It was in the Colonial Inn in Hollywood.

Mr. HALLEY. You were in the Colonial Inn?

Mr. RUTKIN. Yes.

Mr. HALLEY. That was the time Joe Adonis was in it?

Mr. RUTKIN. No, sir.

Mr. HALLEY. Who had it then?

Mr. RUTKIN. Well, if you don't mind, you wouldn't want me to incriminate people that have not been in the gambling business since, and never will be. They are perfectly clean. They are family men. You don't want me to mention that.

Mr. HALLEY. Well, let's skip that and go on.

The CHAIRMAN. I believe one of the Lansky's was in it at that time?

Mr. RUTKIN. No, sir, Senator.

Mr. HALLEY. In any event, in 1941, you took a licking in a gambling operation at the Colonial Inn.

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. And then in 1944 you took another licking in a gambling operation of your own?

Mr. RUTKIN. Well, we did not take a licking in it.

Mr. HALLEY. Well, you lost some money, let's put it that way.

Mr. RUTKIN. Well, I don't know, I filed for a profit, but I don't think I made any.

Mr. HALLEY. And after those two bad experiences, then you go over to see Jerry Catena and say, "Let's go into the gambling business."

Now, that doesn't make much sense, does it?

Mr. RUTKIN. Well, I don't know.

Mr. COHEN. Off the record, Tommy Manville married seven times.

The CHAIRMAN. I think the thing is this, that you figured if you got Joe Adonis and Longy Zwillman and this fellow Arthur Longano, if you had those sort of people in it, you might do better, is that the idea?

Mr. RUTKIN. I believe Longano was not in it.

Mr. HALLEY. Well, you got Guarini to run it?

Mr. RUTKIN. Yes.

Mr. HALLEY. Whose idea was it to get Guarini?

Mr. RUTKIN. I would only be guessing now, I would not know.

Mr. HALLEY. Well, give us your best guess.

Mr. RUTKIN. If I knew I would tell you. There would be no reason for me not to tell you.

Mr. HALLEY. May we have your best guess?

Mr. RUTKIN. It would be foolish for me to guess, I really don't know.

Mr. HALLEY. Well, you initiated this gambling house, and you saw or you spoke to Catena, and then you get vague about it. It just doesn't add up. The thing must have made some impression on you, according to your tax returns you made \$51,000 out of it, which I presume is more than you have made in anything else since 1940?

Mr. RUTKIN. Well, the question is I don't remember who suggested him to run it, but I know that he is a good operator, even by reputation he is a good operator.

Mr. HALLEY. The question is, Who brought him in?

Mr. RUTKIN. I don't remember.

Mr. HALLEY. Who brought Sal Moretti in?

Mr. RUTKIN. I don't remember that.

Mr. HALLEY. Don't you see how it looks? You decide that you want to run a gambling joint, and you get Jerry Catena, who is Zwillman's good friend, and you get Moretti, who is a brother of Willie, and you get Joe Adonis, who is Joe Adonis, and the real question comes up as to whether you were not pretty close to Frank Costello.

Then the second real question comes up as to where the money really went.

Mr. RUTKIN. I don't know. I never spoke to Costello about it. The times I was there I never saw him there, I can tell you that.

Mr. HALLEY. Well, let's go on as to why Sal Moretti was brought into it.

Mr. RUTKIN. I don't know.

Mr. HALLEY. Now, Mr. Rutkin, you are a pretty smart fellow.

Mr. RUTKIN. No, I would say that I am pretty stupid.

Mr. HALLEY. When somebody pays me \$250,000 to settle anything, I will argue with you about how smart you are, for my money you are pretty smart. Now, I cannot conceive of you getting into anything as big as this operation and not knowing more than you say you know. It just seems to me that you are not being frank with this committee.

Mr. RUTKIN. I am trying to be as frank as I can be.

Mr. HALLEY. As you can be, with what limitations?

Mr. RUTKIN. I do not want to guess, and you know it would be all guesswork.

Mr. HALLEY. Let me ask you a question: In the year 1946 there was a lot of cash money floating around New York, was there not?

Mr. RUTKIN. There is no doubt about that.

Mr. HALLEY. And people would come over to this gambling place with a lot of cash in their pockets?

Mr. RUTKIN. There is no doubt about that either.

Mr. HALLEY. Would you say that more people would go home with cash than would come in with cash?

Mr. RUTKIN. Well, that would be a hard thing to figure out. I never stopped to figure that one out, but there is a great possibility that that would be so, because many people have a tendency to win a little bit and then run, rather than to lose a lot.

So you may have 20 winners and 6 losers, and 6 may lose more than the 20 who run, so that could be.

Mr. HALLEY. That is right, and the fellow who cashes the checks is the loser, is he not?

Mr. RUTKIN. He is one of the fellows who loses plenty.

Mr. HALLEY. That is right. Nobody comes over with a little money with the intention of cashing a check.

Mr. RUTKIN. I would say that is about right.

Mr. HALLEY. What is troubling me is, during one period of this more or less continuous operation, as your counsel has said, though you got out, so far as I can see, in the beginning of 1946, checks were being cashed at the rate of a million dollars a month, and it would seem to me that if that many checks were being cashed, the profits from the operation, at least during that period, must have been awfully large. Cashing a million bucks in checks a month, I would think the profits would be tremendous. You must have been making a lot of money, don't you think so, Mr. Rutkin?

Mr. RUTKIN. Well, I have a brother in the fur business here in New York City, and he told me that somebody, he doesn't even gamble, he was in Florida, and somebody came to visit him. I don't think he ever got a speeding ticket in his life. He is a very, very fine and honorable man, and he cashed a check in one of those gaming houses there, because he discovered that he had left his wallet at home, in order to pay the bill, pay the restaurant bill. They knew who he was, but he had to cash the check in the gambling place. He didn't even gamble.

Mr. HALLEY. Well, that is not a typical example, wouldn't you think that most people don't leave their wallets home when they go to gamble?

Mr. RUTKIN. Well, a lot of them leave with nothing and figure they will come back.

Mr. HALLEY. As you know, the restaurant was on the house at those joints, nobody paid the restaurant bill, at all?

Mr. RUTKIN. As a rule.

Mr. HALLEY. So that whoever was there was there to gamble.

Mr. RUTKIN. Yes.

Mr. HALLEY. Can you conceive of \$1,000,000 a month in checks being cashed, without the profits being very close to \$1,000,000 a month?

Mr. RUTKIN. I don't know.

Mr. HALLEY. Let me ask you this, how long have you known Jim Lynch?

Mr. RUTKIN. I believe just to say "hello" to, it would be 6 or 7 years.

Mr. HALLEY. Was some deal made whereby Jimmie Lynch would take your participation in the gambling operation?

Mr. RUTKIN. I would not know.

Mr. HALLEY. Well, you stepped out and then he stepped in. Was that pursuant to some arrangement?

Mr. RUTKIN. No, sir. I had nothing to sell, and I just said, "Boys, I quit."

Mr. HALLEY. Well, when you quit, was that when the boys decided to take Lynch in?

Mr. RUTKIN. I would not know. I never went back, I never went in there.

Mr. HALLEY. Did you ever discuss that with anyone else?

Mr. RUTKIN. No, sir.

Mr. HALLEY. Lynch is said to be a good friend of Costello's, is he not?

Mr. RUTKIN. I would not know. I never saw them together.

Mr. HALLEY. You never did?

Mr. RUTKIN. No.

The CHAIRMAN. Did you sell your interest for anything?

Mr. RUTKIN. No, nothing at all, there was no value at all.

The CHAIRMAN. You just said, "I am through"?

Mr. RUTKIN. That was all, and I walked away. I did not get 5 cents for it.

Mr. HALLEY. Had you put up any part of the bank roll originally?

Mr. RUTKIN. I am quite sure I did.

Mr. HALLEY. How much did you put up?

Mr. RUTKIN. I don't recall. It wasn't much. I believe it might have been around \$15,000 or \$20,000, something like that.

Mr. HALLEY. Did you get that back when you quit?

Mr. RUTKIN. Yes, sir, I got my money out and I quit.

Mr. HALLEY. What was the total bank roll in that place, about \$100,000?

Mr. RUTKIN. I believe so.

Mr. HALLEY. Did you ever talk to Joe Adonis about the operation?

Mr. RUTKIN. I don't believe I did. I don't think there was anything to talk about.

Mr. HALLEY. That was not mentioned at all?

Mr. RUTKIN. About that operation?

Mr. HALLEY. Yes.

Mr. RUTKIN. No, sir.

Mr. HALLEY. When you quit, who did you tell you were through?

Mr. RUTKIN. Well, I told Tony.

Mr. HALLEY. Tony who?

Mr. RUTKIN. Tony Guarini, out in the office, and Blacky, the cashier. Let me see, I spoke to Jerry, and Jerry asked me, "Why do you want to quit?" I said, "Jerry, I just want to get out of that business. I don't want to be in it."

Mr. HALLEY. Didn't you ever talk to any of the partners with any real influence? For instance, you are always telling us about talking to Guarini and Catena. Did you ever talk to Moretti or Adonis? What were they doing?

Mr. RUTKIN. I don't recall, outside of the fact that I say Joe once in a while and I would say, "How are things," and he would answer, "Well, so and so." That is all.

Mr. HALLEY. Would you see him out at the place?

Mr. RUTKIN. Sometime out at the place, yes.

Mr. HALLEY. Did you spend much time in the actual operation?

Mr. RUTKIN. Some time.

Mr. HALLEY. What did you do there? What function did you perform?

Mr. RUTKIN. I guess what everybody else did, you know, nothing just sit there trying to look smart, mostly look smart so the dealers wouldn't grab all the money.

Mr. HALLEY. You would just stand around and look like a boss?

Mr. RUTKIN. That is right.

Mr. HALLEY. About the end of the day or the end of the night, I should say, who counted the money?

Mr. RUTKIN. Well, they had the head cashier.

Mr. HALLEY. Who was that?

Mr. RUTKIN. It was this fellow Blacky, I don't remember his last name.

Mr. HALLEY. Didn't any of the partners watch him?

Mr. RUTKIN. At times I did watch him, and at times other people did. There were always two partners there.

Mr. HALLEY. Well, who were the two partners who were there whenever you were?

Mr. RUTKIN. Not two partners, two people. Some one was always with the cashier when he counted the money.

Mr. HALLEY. Did Adonis ever stick around for that purpose?

Mr. RUTKIN. I suppose he did. I never saw him do it myself.

Mr. HALLEY. You never saw him do it?

Mr. RUTKIN. No, but I suppose he did.

Mr. HALLEY. But you did on occasion.

Mr. RUTKIN. Yes.

Mr. HALLEY. Once in a while you liked to be sure that you were getting a fair count.

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. And Guarini was generally there, is that right?

Mr. RUTKIN. That is right.

Mr. HALLEY. Was Catena there on occasion?

Mr. RUTKIN. Very seldom.

Mr. HALLEY. Was Sal Moretti there very often?

Mr. RUTKIN. He was there fairly often.

Mr. HALLEY. What would you say would be the contribution of, say, yourself, to a deal of this type? Why would they want you in it at all?

Mr. RUTKIN. Well, probably because I knew a lot of liquor people, and all the liquor people have a lot of money, and it just seems like all the liquor people like to gamble. I never met one that did not. That was one of the phases.

I could not be every place and ask friends of mine to come and gamble. In fact, I told some of them not to, not that it wasn't honest or anything, but I just didn't like to see them lose their money, and then ask me for a loan of money, or something like that.

Mr. HALLEY. People generally lost, I presume.

Mr. RUTKIN. Yes, sir; I would say so.

The CHAIRMAN. Do you have anything else?

Mr. HALLEY. That is all.

Mr. SHIVITZ. No.

The CHAIRMAN. Did you have any part of the People's Express?

Mr. RUTKIN. No, sir.

The CHAIRMAN. What do you know about how the White Horse deal was worked up with Kastel, do you know anything about that?

Mr. RUTKIN. What do I know about it?

Mr. HALLEY. Yes.

Mr. RUTKIN. I don't know anything about it, sir. I know all the agents, like the Big 5, was owned by Distillers of England, the Big 5 are, namely, names like Haig and Haig, Dewars, White Horse, Black & White, and Johnnie Walker. I would say that Distillers of England controls about 90 to 95 percent of the scotch of the world, and the little independent distillers, they buy from the Distillers of England.

They more or less fight each other, the Big 5, of which we were one,

but in a friendly manner, to keep all the other ones out, the same as Seagrams. Seagrams owns eight whiskies, Four Roses and Lord Calvert, and the carriage trade is Gallagher & Burton and 7 Crown, and their advertising tells us that each one is the finest, there can't be nothing finer, and the others tell you the same, and they are all owned by the parent company.

Mr. HALLEY. And the parent company also owns the cooperage companies?

Mr. RUTKIN. Yes, the cooperage companies, alcohol, and distilleries.

The CHAIRMAN. Seagrams took over some cooperage company down in Maryland, didn't they?

Mr. RUTKIN. I heard so, and they bought out the Frankfort Co. with Four Roses, in 1945, for \$42,000,000.

The CHAIRMAN. How many of the Bronfmans are in Seagrams now?

Mr. RUTKIN. Just the four brothers.

The CHAIRMAN. Two of them are farmers and two are businessmen?

Mr. RUTKIN. No; two were never farmers, they are probably retired.

The CHAIRMAN. I thought you said that the two that were farmers would not speak to the other two.

Mr. RUTKIN. The two were the original farmers of the company, Abe and Harry, and the younger two are Al and Sam. Sam is chairman of the board, and he is really a brainy man.

The CHAIRMAN. All four of them are still in the business actively?

Mr. RUTKIN. No; Harry and Abe are not active.

The CHAIRMAN. But the two younger brothers are?

Mr. RUTKIN. The two younger brothers are in control.

The CHAIRMAN. Where are Harry and Abe now?

Mr. RUTKIN. They stay in Canada.

The CHAIRMAN. They are all American citizens?

Mr. RUTKIN. No, sir; they are all Canadians.

The CHAIRMAN. None of them are American citizens?

Mr. RUTKIN. No, sir; none of them are. Of course, they make trips here for a couple of days at a time. They have stationary quarters in the St. Regis Hotel. Their offices are in the Chrysler Building, and Allan has his headquarters in the Ambassador Hotel, and Joe Reinfeld is the miracle man of all the whisky business, he stays in it.

The CHAIRMAN. What is his company?

Mr. RUTKIN. The Reinfeld Importing Co. from Newark. He cannot get a license in New York City.

The CHAIRMAN. Reinfeld and what?

Mr. RUTKIN. But his son-in-law, whose name was Levine, and he changed to Renfeld, and his office is here on Park Avenue. He is a distributor, because Joe cannot get a New York State license, so they don't give a lot of people licenses. But here is a man who was a convicted bootlegger, who threatened to have me indicated, and did, because I would not settle the suit, he has killed a revenue man, while he was a convicted bootlegger, and he was not indicted.

The CHAIRMAN. And the son-in-law has a New York liquor license?

Mr. RUTKIN. Yes, sir.

The CHAIRMAN. What is the name of his company?

Mr. RUTKIN. The Renfeld Co.

The CHAIRMAN. There is something I would like to know. How did he get you indicted, do you know?

Mr. RUTKIN. I believe I do know.

The CHAIRMAN. I would be interested in knowing.

Mr. RUTKIN. Former Commissioner Joseph Noonan, whom I have known for quite a while, attended a few of the sessions and examinations before trial at the offices of Hawkins, Delafield & Wood, and at the offices of other attorneys—

The CHAIRMAN. You mean before the trial of the Canadian suit?

Mr. RUTKIN. Yes; at the examination before trial, to determine if it was under the Federal court, to determine whether there was merit to the suit, whether it was a *prima facie* case.

The CHAIRMAN. Who employed Joseph Noonan?

Mr. RUTKIN. Well, Joe said to me, even after I was indicted, "Jim, why don't you drop this whole suit and indictments, get rid of that whole thing?"

I said, "Well, Commissioner, you don't know Joe Reinfeld. I have slept with him for 20 to 25 years. We went to Europe together—all over the country. We have been as close as two peas in a pod. It is not a question of dollars; I will give all mine to charity. You know this man through me, and you only know him 2 or 2½ years; so, how can you tell me that he is your dear friend?"

He said, "I didn't get any salary."

I said, "I don't care if you get a salary by check or not, Commissioner, but it is not nice, what you did."

He said, "Well, why don't you withdraw the suit and indictment?"

I said, "I will make a deal with you. I don't care what you do with the indictment, I will pull the suit out tomorrow if you will consent to an arbitrator."

Joe Reinfeld's father-in-law, who I don't know but I hear was chairman of the board of Haig & Haig once, and Kelly, the chairman of Distillers of England in charge of the United States branch—and I don't know him, only by reputation, but I said, "Let those three be the arbitrators in a friendly arbitration, and if I am mistaken, I will humbly apologize and forget the whole thing."

The CHAIRMAN. Was Mr. Noonan a practicing attorney?

Mr. RUTKIN. He is a practicing attorney in New York.

The CHAIRMAN. That was before he got to be commissioner or after?

Mr. RUTKIN. He must have been practicing quite a while.

The CHAIRMAN. I know, but had he been commissioner of internal revenue prior to that time?

Mr. RUTKIN. Yes, sir, and then resigned.

The CHAIRMAN. And then resigned. Was he an attorney in this situation?

Mr. RUTKIN. I don't know. I have met various whisky people who have seen him in Seagrams' office.

The CHAIRMAN. What was his interest in your suit?

Mr. RUTKIN. He came to the examination with Joe Reinfeld, and he even took and said, "Jim, can you imagine Noonan and Reinfeld being palsy-walsy?" Toots Shor said that—Toots Shor said, "He had nerve enough to ask me if you were partners with Joe," and

I told him that when I opened the restaurant "You brought them in every day; I knew you were his partner, and closer than that."

The CHAIRMAN. Mr. Cohen, can you help us get this matter straightened out, just what we are talking about, if after Noonan was commissioner he came back to practice law, and in connection with a suit about the Canadian distillery that you had against Reinfeld, you entered the picture.

Mr. COHEN. He appeared at the pretrial hearing, and when he was asked what he was doing there, he said that he was there on behalf of Mr. Reinfeld.

Mr. RUTKIN. As a friend of Mr. Reinfeld.

The CHAIRMAN. Was he the attorney of record?

Mr. COHEN. They wanted him to enter his appearance at the time and he asked that they not do so, and I think he came to one or two hearings after that and then did not show up any more.

Mr. RUTKIN. I asked my attorneys to please leave him stay there as he was a mutual friend.

The CHAIRMAN. So he wanted you to agree to some arbitration with a statement that the income tax indictment would be forgotten about?

Mr. RUTKIN. Dropped, yes.

The CHAIRMAN. Who did he say that in the presence of?

Mr. RUTKIN. No one, just he and I were in his office.

The CHAIRMAN. How was he going to do anything about the income tax indictment?

Mr. RUTKIN. I was really indicted—just think, Senator, what has happened. Joe Reinfeld stated in the examination that I had threatened him sometime in the latter part of 1942, and as a result of that threat he gave me until May 10, 1943, \$25,000 in cash. That was for nothing, because I had threatened him and he was scared. But he never told the policemen about it or any official—

The CHAIRMAN. Just a moment. What I am asking you about is how Mr. Noonan was going to get the income tax indictment quashed or dismissed?

Mr. RUTKIN. I don't know how they do things; I don't know. I wish I knew.

The CHAIRMAN. Did he tell you how he expected to do it?

Mr. RUTKIN. No, sir.

The CHAIRMAN. He was not a commissioner then?

Mr. RUTKIN. No, sir.

The CHAIRMAN. But you would not agree to the arbitration, so they—

Mr. RUTKIN. No; I wanted to go to arbitration.

The CHAIRMAN. But you would not agree to these particular arbitrators?

Mr. RUTKIN. No; I suggested that he and his father-in-law—I suggested them and Mr. Kelly, and I said I would withdraw the suit, and I said "I don't give a darn what you do with the indictment." I said, "Any jury that will believe a story like that"—it sounded fantastic to me, but it happened.

The CHAIRMAN. Well, now, how do you think you came to get indicted?

Mr. COHEN. I can tell you that.

Mr. RUTKIN. Every saloon keeper in Newark said that I would be indicted.

Mr. COHEN. We know how it happened. There was an investigation by the Bureau of Internal Revenue with respect to this payment of \$250,000 and the payment of \$358,000, with Joe Reinfeld, and they said, "We understand this payment was made," and everybody admitted the payment was made. They said, "What did you make it for?"

Now, you must remember this was at a time when the statute had almost expired, and the time that the civil suit was pending for \$22,000,000 and the time Mr. Rutkin said that he would not withdraw the suit unless they agreed to arbitrate it.

Whereupon, Joe Reinfeld gave the Department an affidavit—he said: "I admit I paid it all at one time, these three people got the money; they all stand for one, but I paid it to Stacher and Zwillman as part of their proceeds for Brown Vintner, but I didn't give it to him, I gave it to him because he stuck me up with a gun."

You see, he admitted he paid as partner to Brown Vintner and he would have waived any defense he had in the accounting suit pending now. That was his motive in making a goat out of one and sheep out of the other.

The CHAIRMAN. If it had been paid as a partner of Brown Vintner—

Mr. RUTKIN. Then it would not have been taxable; that is right. That was the gist of the entire matter.

The CHAIRMAN. A return on capital investment.

Mr. RUTKIN. On which the tax had admittedly been paid.

Mr. HALLEY. You mean the jury found that you got it as the proceeds of a stick-up?

Mr. COHEN. Unfortunately, we don't know, the way the jury was charged, whether that was a conclusion they came to or not.

The CHAIRMAN. Is there anything else, gentlemen?

We have been here for a long time.

Mr. HALLEY. Only this: Do you know "Three Fingered" Brown?

Mr. RUTKIN. No, sir, not to the best of my recollection. I may know him; I may know him if I see him.

Mr. HALLEY. Then, I would like to add this: We may call upon you in the next few weeks to come in here informally, even in the absence of the committee, and try to have you help us out on some of these questions that are still bothering us. Will you be available?

Mr. RUTKIN. Yes, sir.

Mr. HALLEY. Thank you.

The CHAIRMAN. Thank you very much. You have been quite cooperative.

(Whereupon, at 9:30 p. m., a recess was taken until 10 a. m., Wednesday, February 14, 1951.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

WEDNESDAY, FEBRUARY 14, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York City, N. Y.

EXECUTIVE SESSION—CONFIDENTIAL

The committee met, pursuant to adjournment, at 10 a. m. in room 2832, United States Courthouse Building, Foley Square, Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver and Tobey.

Also present: Rudolph Halley, chief counsel; James Walsh, special counsel; Arnold L. Fein, special counsel; Reuben A. Lazarus and David Shivitz, assistant counsel; Patrick Murray, investigator; Lawrence Goddard, investigator; and Howard Brand, investigator.

The CHAIRMAN. The committee will come to order.

You may call your first witness, Mr. Halley.

Mr. HALLEY. I will call Mr. Ambro.

The CHAIRMAN. Good morning, Mr. Ambro.

Mr. AMBRO. Good morning.

The CHAIRMAN. Will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. AMBRO. I do.

TESTIMONY OF JEROME G. AMBRO, BROOKLYN, N. Y.

Mr. HALLEY. What is your full name?

Mr. AMBRO. Jerome G. Ambro.

The CHAIRMAN. Where do you live?

Mr. AMBRO. 167 Central Avenue, Brooklyn.

Mr. HALLEY. That is in Brooklyn?

Mr. AMBRO. Yes.

Mr. HALLEY. What is your occupation?

Mr. AMBRO. Assistant attorney general of the State of New York.

Mr. HALLEY. How long have you held that position?

Mr. AMBRO. Three years.

Mr. HALLEY. You are an attorney?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. How long have you practiced law?

Mr. AMBRO. Oh, since 1927.

Mr. HALLEY. Have you been active in politics in Brooklyn?

Mr. AMBRO. Yes.

Mr. HALLEY. Over how long a period?

Mr. AMBRO. Oh, well, I have run for office more times than anyone in the State of New York, 26 times as against the Democratic machine. I am a Democrat, and I defeated the machine on 18 occasions. I was in the assembly for 9 years, a candidate for the mayor of the city of New York in 1933—Democratic candidate.

And I was also under sheriff.

Mr. HALLEY. How long were you under sheriff.

Mr. AMBRO. Two years.

Mr. HALLEY. Beginning in 1935 or 1933?

Mr. AMBRO. No, sir; 1934.

Mr. HALLEY. Beginning in 1934?

Mr. AMBRO. That is right.

Mr. HALLEY. Until when?

Mr. AMBRO. Until 1935.

Mr. HALLEY. As under sheriff, was that an appointive job?

Mr. AMBRO. It was an appointive job; yes, sir.

Mr. HALLEY. Who appointed you?

Mr. AMBRO. Frank Quayle, elected sheriff of the county.

Mr. HALLEY. Under what circumstances did you start being under sheriff?

Mr. AMBRO. Well, I supported Sam Lebowitz for district attorney as against the organization.

Mr. HALLEY. Who is the organization man?

Mr. AMBRO. A fellow by the name of Geoghan—I think it was Francis X. Geoghan—and I supported Sam Lebowitz. I promised him I would give him my support in the fall. He came in to see me and asked if I would support him. I supported him and I was asked to resign—either go along with the organization candidate or else resign.

Mr. HALLEY. Who asked you to resign?

Mr. AMBRO. Frank Quayle.

Mr. HALLEY. Did you ever discuss that matter with Joe Adonis?

Mr. AMBRO. No, sir.

Mr. HALLEY. Did you know Joe Adonis?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. How long have you known Joe Adonis?

Mr. AMBRO. Well, I met him in—well, the early thirties and I have not seen him since then.

Mr. HALLEY. Where did you meet him?

Mr. AMBRO. In his restaurant.

Mr. HALLEY. Where was that?

Mr. AMBRO. At Fourth and Carroll Streets.

Mr. HALLEY. That restaurant was quite a rendezvous?

Mr. AMBRO. It was a hang-out for all the political bigwigs.

Mr. HALLEY. How long did he have that restaurant?

Mr. AMBRO. I do not know; I do not know. I know I met him after I was appointed under sheriff.

Mr. HALLEY. You mean you had not met Joe Adonis until you were appointed as under sheriff?

Mr. AMBRO. After that; yes, sir.

I met him through possibly four or five bigwigs. I just cannot single out which one it was.

Sam Lebowitz, who was running at the time, or Irwin Steingut, or Frank Quayle, or Bill O'Dwyer, or Frank Kelley—one of the five. Senator TOBEY. Is that the Ambassador?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. One of them introduced you to Adonis?

Mr. AMBRO. Yes; one of them.

Mr. HALLEY. What was his position in Brooklyn at that time?

Mr. AMBRO. He was a restaurant owner.

Mr. HALLEY. He had some political influence; did he not?

Mr. AMBRO. No, I would not say that.

Mr. HALLEY. Well, what do you think? You want to be helpful to this committee; don't you?

Mr. AMBRO. I think this: That in my fighting the machine, the organization, they put me out of business. That is all that I can say. But I just cannot put my finger on where it came from. They sent thugs and tough guys and floaters. I caught up with 25 of them—voting, that is, illegally.

Mr. HALLEY. Just what happened? You were a district leader; were you not?

Mr. AMBRO. That is right.

Mr. HALLEY. In what district?

Mr. AMBRO. The Nineteenth Assembly District. I defeated the organization leader of the district, the man who had been organization leader for 25 years.

Mr. HALLEY. What was your area?

Mr. AMBRO. The Williamsburg section, the Bushwick section. I do not know if you are acquainted with Brooklyn. That would be around Broadway and Myrtle Avenue, and from Flushing and Broadway along Myrtle Avenue on the east side, to Stockholm Street, to the Queens County line, then the Queens County line back to Flushing.

Mr. HALLEY. Well, you had yourself a good tough area; did you not?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. When did you become leader there?

Mr. AMBRO. I became leader—I had three elections in 1 year; in 1 year three elections. Did you ever hear of that—three elections in 1 year?

Mr. HALLEY. Yes.

Mr. AMBRO. You did?

Mr. HALLEY. Yes, sir.

Mr. AMBRO. Well, I had three elections in 1 year, and it was a Presidential year, and I ran in the spring primary, they call it, in April 1932, and that is when I was elected leader as against the organization leader.

Mr. HALLEY. Who was the organization leader?

Mr. AMBRO. Henry Hassenfluck.

Mr. HALLEY. And then you continued as leader until what year?

Mr. AMBRO. Oh, I continued until 1936.

Mr. HALLEY. That was after you had been dismissed as under sheriff; is that correct?

Mr. AMBRO. Yes.

Mr. HALLEY. Now, what did happen?

Mr. AMBRO. I would not say dismissed—not dismissed; I had no alternative. If I would go along——

Mr. HALLEY. You were asked to resign?

Mr. AMBRO. Let me finish, if I may. If I would go along with the organization candidate, I would be in the position. Being a disabled veteran, they could not put me out, but because I supported Sam Lebowitz, an independent candidate, against the organization, I had but one alternative: Either to continue supporting Lebowitz and resign, or to support Geoghan and stay in the position.

Mr. HALLEY. Why could you not just stay in?

Mr. AMBRO. Well, I tell you, I gave the man my word; I was always opposed to the organization.

Mr. HALLEY. But why could you not stay in and continue to support Lebowitz?

Mr. AMBRO. The man that was sheriff was organization, and I was antiorganization.

Mr. HALLEY. Did he tell you you had better quit?

Mr. AMBRO. No, he asked me to go along with Frank Kelly and the organization, and I said, "Nothing doing; I would rather resign and stay with Lebowitz."

Mr. HALLEY. Well, did he say in that case you had better resign?

Mr. AMBRO. Yes; and I became Lebowitz' campaign manager.

Mr. HALLEY. You continued to be district leader of the Nineteenth District?

Mr. AMBRO. I was elected. Nobody could ask me to resign. I was elected by the people.

Mr. HALLEY. When did you resign from the sheriff's office—in 1935?

Mr. AMBRO. I resigned about 3 weeks before the primary. The primary would be in September. Lebowitz ran in the Democratic primary.

Mr. HALLEY. In 1935?

Mr. AMBRO. Yes; 1935.

Mr. HALLEY. And then the next election came around 1936?

Mr. AMBRO. Well, for the leadership.

Mr. HALLEY. And that is when you were licked?

Mr. AMBRO. Yes; I was defeated.

Mr. HALLEY. What happened in that contest? Was it that you had lost your popularity, or what was it?

Mr. AMBRO. No. There was possibly \$30,000 or \$40,000 that came into the district, and I did not have 30 cents, and they just bought out everything.

Mr. HALLEY. Part of the money came in in the form of cash?

Mr. AMBRO. You could see it coming in, when people worked at the polls.

You could see a hundred at each polling place working.

Mr. HALLEY. What this committee is mainly interested in, and you can be helpful——

Mr. AMBRO. I will be glad to do whatever I can. I am a law-enforcement agency, myself, but we do it a little different. We do not have anyone wait a week. A man like me, in my position, fortunately I have nothing to bother me, my conscience does not bother me.

Mr. HALLEY. May I ask you to hold it up a minute.

Mr. AMBRO. Well, you asked me for——

Mr. HALLEY. Wait a minute, please. We have a lot of witnesses and very little time.

Mr. AMBRO. Fine, fine.

Mr. HALLEY. For that reason I would appreciate it if you would try to answer questions and stick to that.

Mr. AMBRO. Surely, surely.

Mr. HALLEY. Now—

Mr. AMBRO. I have all of my income tax, I only had my income tax. I had no property or bank account. I never had a bank account.

Mr. HALLEY. I tell you, we are asking you to help us. We are not investigating you.

Mr. AMBRO. Well, do you not think that it would have been right and proper to have gotten in touch with Goldstein, who is my boss? He is a Republican and I am a Democrat. Don't you think it would have been fair if you had asked him? Everybody is reading about me coming before the committee.

My son just enlisted in the Air Corps, having been in New York University for 4 years, and he calls up and says, "Dad, what happened," that I am a friend of so-and-so and this and that.

I have lived 50 years, and I am a disabled veteran, and nobody can point a finger at me. I have been fighting the machine, and fighting crime, and corruption. I have been fighting crime and thieving politicians here. The least they could have done would be to call the attorney general and say, "We want J. Ambro."

Mr. HALLEY. Well, the committee made perfectly clear to the press—

Mr. AMBRO. Yes; I have an action against the Post, I started action against the Post for saying I am a friend of Joe Adonis.

Mr. HALLEY. Will you please let me ask questions?

The CHAIRMAN. I just want to tell you that we told the press that the calling of a witness does not, in any sense, mean that he is under investigation, and the committee has just not had the time—

Mr. AMBRO. All these innuendoes.

Mr. HALLEY. To issue—we have not had the time to go through the niceties and we have had to issue subpoenas and have people come in.

When the committee sees the press, I will be happy to recommend to them that you are not under investigation.

Mr. AMBRO. That is all right. I want to do everything I can to help you. I fear no one.

Mr. HALLEY. Well, let us try to get down to business.

Mr. AMBRO. Yes, sir.

Mr. HALLEY. And I will be happy if there is any problem involved with Attorney General Goldstein. I know that the chairman of the committee knows the attorney general and I know him, and I will be happy to tell him where you stand, and to tell it to him very fast.

Now, can we get on?

Mr. AMBRO. Sure.

Mr. HALLEY. I am sorry for any inconvenience you have been caused, or any embarrassment.

Mr. AMBRO. All right.

Mr. HALLEY. I am quite sure it will come out in the wash very nicely.

Mr. AMBRO. Thank you

Mr. HALLEY. What happens when they decide to put a man out of leadership and defeat him in an election? What is the technique?

Mr. AMBRO. They usually get a line-up of fellows, men and women, too, and they have them illegally vote. You know, they call them floaters. They go in and possibly have a signal of some time. They control, you see. The polls, you know, have the inspectors, two Democrat inspectors and two Republican inspectors, and they are told as a prospective voter comes in, they are told to compare the signature when they sign the registration, that is the book. Well, these floaters go in and they just sign, they sign and vote, and they vote someone else's name. They are called floaters. Things like that.

Mr. HALLEY. The floaters are brought in from the outside, are they not?

Mr. AMBRO. Oh, yes; from the outside of the district. Possibly Kings County or Queens County, or New York County, wherever they can get them.

Mr. HALLEY. Of course they have to be organized by somebody who has the facilities to collect these people and bring them in.

Mr. AMBRO. Yes.

Mr. HALLEY. And it is presumed that the kind of people acting as floaters, for the most part, are racketeers or minor racketeers?

Mr. AMBRO. They have no fear, they just walk in, brush by everyone, and vote.

Mr. HALLEY. You just could not get out on the street and hire 20 people who were honest and induce them to be voters?

Mr. AMBRO. I did not get your question.

Mr. HALLEY. You could not go to an employment agency and get honest people to do that?

Mr. AMBRO. Never.

Mr. HALLEY. You would have to be using racketeers and thugs?

Mr. AMBRO. That is right.

Senator TOBEY. When they compare the signatures in the voting places, do they arrest the men?

Mr. AMBRO. They should.

Senator TOBEY. Do they?

Mr. AMBRO. No.

Senator TOBEY. Why not?

Mr. AMBRO. I do not know.

Senator TOBEY. Don't you have men at the polling place, so that where a signature does not jibe, to arrest the men?

Mr. AMBRO. Why, you protest, and you have the man arrested. You insist upon the police arresting him; at my defeat we arrested 25 of them.

Senator TOBEY. What did you do to the 25 you arrested?

Mr. AMBRO. Well, they come before a magistrate.

Senator TOBEY. What do they do with them?

Mr. AMBRO. Well, I do not know.

Senator TOBEY. Well, you have got a case.

Mr. AMBRO. Well, you have to have evidence, and things like that.

Senator TOBEY. You have the evidence when the signatures do not jibe.

Mr. AMBRO. People are supposed to testify, they are faced with intimidation.

Senator TOBEY. All the testimony in the world could not refute the fact that the signatures do not agree.

Mr. AMBRO. That is right.

Senator TOBEY. Then you have a case.

Mr. AMBRO. That is right.

Senator TOBEY. Don't you get a successful prosecution?

Mr. AMBRO. Sometimes you do, sometimes you do not. It's according, it's according.

Senator TOBEY. Well, a chain is no stronger than its weakest link.

Mr. HALLEY. Now, in addition to floaters, you have mentioned that they put about \$30,000 into the campaign.

Mr. AMBRO. Well, I will say that of course with 50, 60, or 70 working in a polling place, by that I mean outside, and they wait as the people would come along and talk with them, you know.

Mr. HALLEY. That is a tremendous amount for one assembly district, is it not?

Mr. AMBRO. Yes; you know that at the time I opposed the county leader, and there was a lot of trouble, and they directed their guns in their district against me.

Mr. HALLEY. That kind of money, does it come in in the form of a regular contribution to the organization, or is it just cash money that is passed around?

Mr. AMBRO. Cash money, mostly cash.

Mr. HALLEY. Nobody knows where it comes from, and it is just distributed informally, is that right?

Mr. AMBRO. That is right.

Mr. HALLEY. It is never recorded on the books anywhere, is it?

Mr. AMBRO. No, no; that you can bet on.

Mr. HALLEY. Where does the organization get the resources from to get that kind of cash, and the thugs of that time that come in?

Mr. AMBRO. That I could not say, I do not know. I do not know that. I do not know. The fact remains, you know, that they get it, and if you will oppose them, and you are not organization, they just don't go along, and you will find yourself out of business in a short time.

Mr. HALLEY. Where does Joe Adonis fit into that picture, Mr. Ambro?

Mr. AMBRO. I do not know where he fits in. I do not know. I know most everyone that is anybody in Brooklyn. You could meet him in his place of business, you could meet everyone that was anybody in Brooklyn, in his restaurant, in his place of business.

Mr. HALLEY. You mean in Adonis' restaurant?

Mr. AMBRO. Yes, sir. Most anybody and everybody. If you mentioned, well, any of the well-known names, politically, I will tell you whether they were there or not. Most everybody. Well, Bill O'Dwyer, I mentioned him, he was there a number of times. Steingut was there sometimes, many times.

The CHAIRMAN. How do you know? Have you seen them there?

Mr. AMBRO. Oh, yes; I have seen them there. Surely I have, so many times; yes, sir.

Mr. HALLEY. This goes back a bit; does it not?

Mr. AMBRO. Yes.

Mr. HALLEY. When was it?

Mr. AMBRO. Oh, around the early thirties.

Mr. HALLEY. 1934.

Mr. AMBRO. 1934 or 1935.

Mr. HALLEY. How long did he hold the restaurant after that?

Mr. AMBRO. Well, I know that I never went near it after 1935. Of course, you know my campaign started, that is, as against the organization.

Mr. HALLEY. Well, after 1935, of course, you were on the outs, were you not?

Mr. AMBRO. With Frank Quayle?

Mr. HALLEY. With Frank Quayle; yes.

Mr. AMBRO. Yes.

Mr. HALLEY. Was he very close to Adonis?

Mr. AMBRO. Well, he used to be there quite regularly.

Mr. HALLEY. At the restaurant?

Mr. AMBRO. Yes, sir; quite regular.

Mr. HALLEY. Of course Adonis was always there?

Mr. AMBRO. Oh, sure; certainly.

Mr. HALLEY. Were they on a pretty friendly basis?

Mr. AMBRO. Oh, yes; very friendly, very friendly.

Mr. HALLEY. Now, you say you first met Adonis, you met him for the first time after you became under sheriff; is that right?

Mr. AMBRO. That is right.

Mr. HALLEY. Who recommended you for the post of under sheriff? How did you get that job?

Mr. AMBRO. Well, I will tell you. I supported Joe McKee for mayor of the city of New York on the Recovery ticket, and Frank Quayle on the Recovery ticket, and I was one of the six Democratic leaders that supported the Recovery Party. That is, I can enlighten you a little more, if you ask me a few questions along those lines.

Mr. HALLEY. How did the Recovery Party come about?

Mr. AMBRO. You see, John Patrick O'Brien was the Democratic organization candidate for mayor and I opposed him in the Democratic primaries. I was defeated by him for mayor in September.

Mr. HALLEY. Well, you had built up your position by being a hard fighter, and a sort of insurgent, is that right?

Mr. AMBRO. That is right. And then you know that he, being the Democratic organization candidate, there was an independent candidate ran, Joseph B. McKee, on the Recovery ticket. It was a new party that came into existence.

Mr. HALLEY. And that of course appealed to you.

Mr. AMBRO. And I, with Frank Quayle and Hymie Shortnstein, and Frank Sinnott, who is now the county leader, we came out in support of the Recovery ticket.

Now, Frank Quayle had been the Democratic candidate for sheriff on a Democratic ticket, and also got the nomination on the Recovery Party ticket, see? So, I, being one of the leaders, you know, they usually try to go——

Mr. HALLEY. Why did it come about that you decided to go along with Quayle and the Recovery Party?

Mr. AMBRO. I supported McKee, you see; I was very friendly with Joseph McKee.

Mr. HALLEY. Had you known him?

Mr. AMBRO. I introduced all of his legislation in Albany.

Mr. HALLEY. When you were in the legislature?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. How long had you known Quayle?

Mr. AMBRO. I just met Quayle then in that case, in that campaign.

Mr. HALLEY. Through McKee?

Mr. AMBRO. Yes, we had our headquarters, you know, in the Hotel St. George at the time, and the Democratic district leaders that broke away from the organization went along with the Recovery Party, Joseph B. McKee, and we brought about headquarters in the Hotel St. George.

Mr. HALLEY. Was it Quayle who asked you to be under sheriff?

Mr. AMBRO. Quayle, that is right.

Mr. HALLEY. Did you talk to him about it at all?

Mr. AMBRO. About Quayle?

Mr. HALLEY. About becoming undersheriff?

Mr. AMBRO. Sure.

Mr. HALLEY. Did you ask for the job?

Mr. AMBRO. I asked for it, certainly; I was one of the leaders because Hymie Shortnstein had a position, Frank Sinnott was county clerk, they all had positions, and I did not have any position. I was district leader. I came out with the group and I supported the group, and I was appointed because, gentlemen, McKee had been defeated, LaGuardia had been elected, Fiorello LaGuardia had been elected as mayor of the city of New York in 1933.

Mr. HALLEY. You were undersheriff for almost 2 years?

Mr. AMBRO. Year and three-quarters.

Mr. HALLEY. How did the battle line form, so to speak, in this primary campaign in 1935, when Sam Lebowitz was running?

Mr. AMBRO. The organization presented a slate of candidates for the respective offices that were to be filled that year.

Mr. HALLEY. Who was the organization at that time?

Mr. AMBRO. The organization candidate for district attorney was Geaghan, and I just do not remember his first name.

Mr. HALLEY. I think he said it was Francis.

Mr. AMBRO. That is right; Francis X. Geaghan; for county judge, it was Peter Broncato, and it was Helen P. McCormick for registrar—

Mr. HALLEY. Oh, no. I am not too interested in the ticket. You said they were the organization candidates, and the question is, Who was the organization?

Mr. AMBRO. The organization?

Mr. HALLEY. Yes.

Mr. AMBRO. Well, Geaghan was the organization candidate.

Mr. HALLEY. But who was the organization that put him forward; who were the individuals?

Mr. AMBRO. The Democratic organization of Kings County.

Mr. HALLEY. But who were the individuals who controlled the regular Democratic organization?

Mr. AMBRO. Well, they have a county leader.

Mr. HALLEY. Who was the leader?

Mr. AMBRO. The leader at the time was John H. McCooley—oh, excuse me, please. He was the leader when Frank Quayle ran for sheriff.

Now, in the fight against the organization of 1935, John H. McCooley had died in 1934, January of 1934, and in 1935 there was a triumvirate of three leaders.

There was a man who represented the ninth assembly district, there was Frank Sinnott and Frank Kelly. You see, there was a triumvirate, because the county leader had died, and there was a triumvirate.

I do not know whether at that time—I am a little bit hazy about that, but I am trying to think now, and I am almost sure that just about that time Frank Kelly, Francis V. Kelly, who was he leader of the fourth assembly district of Kings County, became the county leader and they presented a slate, they had a meeting of the executive committee, the State committee—I mean the district leaders—and they presented a slate, so he presented a slate, of Francis X. Geaghan.

Mr. HALLEY. Who were the three leaders of the triumvirate?

Mr. AMBRO. Wogan, Frank Sinnott, and Frank Kelly. Wogan was the leader of the ninth assembly district of Kings County—

Mr. HALLEY. I just want their names.

Mr. AMBRO. Wogan, Sinnott, and Kelly.

Mr. HALLEY. And Kelly?

Mr. AMBRO. Yes.

Mr. HALLEY. Now, you said if I gave you names, you could tell me the people who frequented Adonis' restaurant.

Mr. AMBRO. Sure.

Mr. HALLEY. Were Wogan and Sinnott and Kelly among the people who were frequenting Adonis' restaurant?

Mr. AMBRO. Kelly, often; Wogan, now and then; I do not ever remember seeing Sinnott there.

Mr. HALLEY. Sinnott was not close to Adonis?

Mr. AMBRO. No, no, never there, never there.

Mr. HALLEY. Wogan was there once in awhile.

Mr. AMBRO. Yes.

Mr. HALLEY. And Kelly was really close to Adonis, you say?

Mr. AMBRO. Yes.

Mr. HALLEY. Were they good friends?

Mr. AMBRO. Oh, very good friends.

Mr. HALLEY. In addition to that, Frank Quayle was a good friend?

Mr. AMBRO. He was there often. I do not know whether he was a good friend, but he was there often.

Mr. HALLEY. How many of the other leaders in Brooklyn were there often? Can you name some more?

Mr. AMBRO. Well, I can name—well, let's go down the line, if you have a few minutes' time.

Mr. HALLEY. Sure.

Mr. AMBRO. The first assembly district, now we are going back 20 years—that was Frank Quayle.

The second assembly district was a fellow by the name of Tom Ryan, who was with the Department of Justice, but he was district leader. He would be there.

Mr. HALLEY. When you say he would be there, you mean he also was a frequenter of the Adonis restaurant?

Mr. AMBRO. Yes, sir.

The third assembly district was Congressman Cullen. He was the leader of the third assembly district and Congressman of that congressional district. He would be there now and then.

The fourth assembly district, Frank Kelly, yes.

The fifth assembly District was a man by the name of Sexton. I never saw him there. He is dead now.

The sixth assembly district, there was a fellow who was deputy hospital commissioner, I just do not remember his name.

Mr. HALLEY. Was he a friend of Adonis, too?

Mr. AMBRO. No, no, I imagine he was there once in awhile, you know.

Mr. HALLEY. Incidentally, that restaurant at Carroll and Fourth Avenue is quite a ways off the beaten track, is it not? In other words, it is not right down in the downtown section?

Mr. AMBRO. No. I will see if I can give you a fair picture. Do you know where the Long Island station is?

Mr. HALLEY. I know where it is but get the picture for Senator Kefauver and Senator Tobey. I know Brooklyn.

Mr. AMBRO. I did not know that.

Mr. HALLEY. Give the committee a picture of it.

Mr. AMBRO. It is about 15 or 20 blocks, possibly, from the Long Island station.

Mr. HALLEY. In other words, the point I am trying to bring out is, that Adonis did not have a restaurant that was conveniently located right in the middle of the political area.

Mr. AMBRO. No.

Mr. HALLEY. And if you wanted to go to Adonis' restaurant you had to travel about five blocks into a very poor section of Brooklyn.

Mr. AMBRO. That is right.

Now, the eighth assembly district, it was known as——

Mr. HALLEY. That was a real gas-house section, was it not, where the restaurant was?

Mr. AMBRO. Yes, one of the poorest and toughest in the country.

Mr. HALLEY. And this particular corner of Fourth and Carroll was as poor as any part in that section?

Mr. AMBRO. That is right.

Mr. HALLEY. And it was frequented by thugs and roughnecks?

Mr. AMBRO. Yes, and good people, too.

Mr. HALLEY. Yes, naturally but the good people were poor.

Mr. AMBRO. That is right.

Mr. HALLEY. And when all of these people you have been mentioning took the trouble to go out to Adonis' restaurant, they were going into a neighborhood which generally they would not go to when they were out on a social occasion, is not that correct?

Mr. AMBRO. Oh, I will tell you, if it is off the record, I go most any place, if I can get a fine dinner.

Now, you know, I go to Sheepshead Bay. I have no automobile, and if I get somebody with a car, I go to Lundy's, and I get the best fish dinner in the country.

Mr. HALLEY. Well, Sheepshead Bay is a nice neighborhood with a lot of nice, fine restaurants.

Mr. AMBRO. But it is way out of the way.

Mr. HALLEY. Yes, it is out of the way.

Mr. AMBRO. Sure, you cannot go unless you go by automobile.

Mr. HALLEY. The only point that I am trying to bring out, and not develop too far, is that it is something that just does not happen to be a very handy restaurant.

Mr. AMBRO. No, it was out of the way; it was out of the way, certainly.

Mr. HALLEY. Will you go ahead with the other leaders?

Mr. AMBRO. The seventh assembly district was Heffernan, once in awhile.

The eighth, well, I do not know who was the leader at the time in the eighth, because there were two leaders there. There was a big fight there. Mike Riley was in the assembly with me, Michael Riley, and James V. Mangano.

Well, Michael Riley, I saw him in there a few times. I saw Mangano in there very often.

Mr. HALLEY. Mangano is pretty close to Adonis, is he?

Mr. AMBRO. That is right.

The ninth assembly district was Wogan; yes.

The tenth assembly district—I do not know who was the leader of the tenth.

As to the eleventh assembly district, that I do not know.

Mr. HALLEY. Just hold on a minute. Adonis lived in Mangano's district, did he not?

Mr. AMBRO. I do not know.

Mr. HALLEY. Well, Mangano was in the eighth, was he not?

Mr. AMBRO. Yes.

Mr. HALLEY. What area was that?

Mr. AMBRO. That was where the restaurant was.

Mr. HALLEY. At least the restaurant was in Mangano's district?

Mr. AMBRO. Yes, sure.

Mr. HALLEY. And by the way, did you know Mangano pretty well? Was he a good friend of yours?

Mr. AMBRO. Well, he was opposed to us in our fight against the organization.

Mr. HALLEY. And that was later, was it not?

Mr. AMBRO. Yes; but I did not know him before that.

Mr. HALLEY. During 1934 and 1935, did you not know him?

Mr. AMBRO. I did not know him before that, because he supported—excuse me—he supported John Patrick O'Brien for mayor of the city, see, in 1933, that is, the latter part of 1933, and in the election of 1933 he supported John Patrick O'Brien, whereas I supported Joseph V. McKee, so we must have been opposed to each other.

Mr. HALLEY. The reason I asked you is, that you were reported as having been one of the guests of honor at a dinner given for Mangano in 1935.

Mr. AMBRO. No; I was opposed to him at the time.

Mr. HALLEY. Which was a dinner at the St. George Hotel in the early part of 1935, in February.

Mr. AMBRO. There was a dinner given to me by the Democratic Clubs of Kings County, that is, the Italian Democratic Clubs.

Mr. HALLEY. When was that?

Mr. AMBRO. That was around 1934 or 1935.

Mr. HALLEY. At the St. George?

Mr. AMBRO. But not with Mangano, because Mangano and I were opposed to each other.

He supported the organization as district leader, and I as a district leader supported the insurgents.

Mr. HALLEY. You are not giving me a perfectly accurate picture, perhaps because it goes back a way, or I am not making myself clear, because I am sure you do want to give us an accurate picture.

Mr. AMBRO. Sure I do.

Mr. HALLEY. Is it not true that you were an insurgent during the 1934 campaign when McKee ran; is that right?

Mr. AMBRO. 1934? 1933.

Mr. HALLEY. 1932?

Mr. AMBRO. 1933.

Mr. HALLEY. 1933, that is right. And that then as a result of your becoming friendly with Quayle, you were appointed under sheriff?

Mr. AMBRO. Under sheriff; yes, sir.

Mr. HALLEY. That meant at that point you had made up with the organization; did it not?

Mr. AMBRO. I did not make up with organization.

Mr. HALLEY. But Quayle was definitely organization; was he not?

Mr. AMBRO. After a while, after a while, because I will tell you what happened at that time; you see, you have to give me a little time.

Mr. HALLEY. Take your time.

Mr. AMBRO. At the time President Roosevelt—well, Frank Quayle became the dispenser of Federal patronage and I was against the organization at the time. Roosevelt did not recognize the organization.

Mr. HALLEY. That was in what year?

Mr. AMBRO. 1934 and 1935.

Mr. HALLEY. 1933?

Mr. AMBRO. 1934 and 1935.

Mr. HALLEY. Then Quayle made up with the organization, did he not?

Mr. AMBRO. Possibly after that, but while I was there——

Mr. HALLEY. Wait a minute. You know he did, because that is why you had a split with Quayle.

Mr. AMBRO. That is right. It must have been in 1935.

Mr. HALLEY. Quayle was going along with the organization?

Mr. AMBRO. In 1935, because he asked me to go along with the organization.

Mr. HALLEY. And at the time he appointed you as undersheriff in 1934, he certainly thought you would be going along with him in whatever he was doing?

Mr. AMBRO. That is right.

Mr. HALLEY. Wasn't it Quayle's idea to get the use of the Federal patronage and his position of sheriff to work back into the organization and have an influential position in that organization?

Mr. AMBRO. Well, I said that he tried to work along the lines of becoming county leader himself; that is what he possibly had in mind.

Mr. HALLEY. And he had to do that with the organization?

Mr. AMBRO. And building up his own, you know, he would take possibly two or three outstanding individuals in the district, and make them deputy sheriffs, or give them jobs in Reconstruction Finance,

or possibly some other business, and built up his own personal machine. That is the way these things are done. I did not go along.

Mr. HALLEY. In 1935 Quayle was friendly with the organization?

Mr. AMBRO. Yes. The answer is, what did he ask me to do? He asked me to go along with the organization, and I said nothing doing.

Mr. HALLEY. At that point your fight had not developed yet, in the beginning of 1935?

Mr. AMBRO. No.

Mr. HALLEY. That came when?

Mr. AMBRO. That came about August, because the primaries were in September, the middle of September, possibly around the 5th of September.

Mr. HALLEY. Well, now, then, when you were given this dinner, that was pretty much of an organization dinner, was it not?

Mr. AMBRO. Well, I remember the dinner that was given to me was when I became leader of my district. There was a dinner given to me by my district.

Mr. HALLEY. There were a number of honored guests at a dinner honoring perhaps a dozen people?

Mr. AMBRO. The dinner given to me was in 1932, when I became leader, and John McKee, who was county leader, was my toastmaster.

Mr. HALLEY. I am asking you if there was not a dinner in 1935, at the St. George Hotel, when you and Mangano together, with perhaps another 10 people, 10 or 12 other people, were the honored guests?

Mr. AMBRO. No; I do not know of that.

Mr. HALLEY. You do not recall that?

Mr. AMBRO. No; I do not. I know that two dinners were given to me in my life, one at Arcadia Hall—I do not know if you know where that is, but that is quite a big place—and they presented me with an automobile. That was back in 1931, in 1931 when I defeated the organization for the assembly.

Then in 1932, there was a dinner given to me down at the Elks Club, when I came to be district leader.

Mr. HALLEY. Were you not ever a guest of honor at a dinner at the St. George Hotel, together with Vincent Mangano?

Mr. AMBRO. No, sir; I was not.

Mr. HALLEY. I mean James Mangano?

Mr. AMBRO. No, sir.

Mr. HALLEY. Well, to go on——

Mr. AMBRO. I have been invited to a lot, you get me right—I have been asked to speak at a lot of dinners.

Mr. HALLEY. How many of the other leaders frequented Adonis' restaurant?

Mr. AMBRO. Well, we were up to the ninth; Wogan. The tenth I do not remember, and the eleventh I do not remember.

The twelfth assembly district was Congressman Heffernan. Well, he never—I never saw him there.

The thirteenth, that was an undertaker who was district leader there, he was there regularly. I just cannot remember his name. He is dead now.

Mr. HALLEY. When you say he was there "regularly," how often do you mean?

Mr. AMBRO. Oh, well, possibly once or twice a week you know. Then the fourteenth assembly district, he was—he is the leader now, and he was the leader at the time, a doctor.

Mr. HALLEY. Well, was he there often?

Mr. AMBRO. Once in a while I would see him.

Mr. HALLEY. Once in a while?

Mr. AMBRO. I would see him there; yes.

Mr. HALLEY. How often was Quayle there?

Mr. AMBRO. Quayle would be there twice a week.

Mr. HALLEY. And Quayle, when he went, would you go with him?

Mr. AMBRO. Sometimes; it is according. Sometimes I would go. You see, he had an official car, and he would go with his car.

Mr. HALLEY. And you would sometimes go without Quayle?

Mr. AMBRO. Sure, sometimes.

Mr. HALLEY. Who else was there?

Mr. AMBRO. Well, we are up to the fifteenth now. Pete McGinniss, who was the leader of the fifteenth district, he was never there, maybe once or twice. He is dead. What is the use of saying anything against the dead?

The sixteenth district, Kenny Sutherland, he was there often.

In the seventeenth district, there was a fellow who was deputy commissioner of the department of sanitation. I just cannot remember his name, but he was never there.

Now, the eighteenth, Steingut, he was there very often. I mean you know, once or twice a week.

That is the eighteenth.

Now, the nineteenth assembly district was mine.

Mr. HALLEY. How often would you get there?

Mr. AMBRO. Well, I would get there a couple of times a week, sure, that is, until that trouble arose, where I just did not see them any more from then on.

Now, the twentieth assembly district, there was a commissioner there, he died, but he was never there.

The twenty-first assembly, oh, yes, Hasterburg, he was borough president of Brooklyn, he was there a few times.

Mr. HALLEY. Do you mean a few times altogether, or a few times a week?

Mr. AMBRO. He is dead. You see, I can't say. I have seen him there a few times, you know. That would be the twenty-first.

Now, in the twenty-second assembly district, I just could not—what is the use, I am very opposed to Shinnott today, but why should I, I do not remember seeing him there.

The twenty-third assembly district, well, that was Dr. Maxwell Ross, well, once in a while I saw him there, once in a while.

Mr. HALLEY. Have we got them all now?

Mr. AMBRO. There were only 23 districts at the time. Now there are 24.

Mr. HALLEY. Talking for yourself—

Mr. AMBRO. Yes.

Mr. HALLEY (continuing). What was the attraction out there? I mean, why would you go all the way out there, say, twice a week?

Mr. AMBRO. Well, the sheriff's office was downtown and we would just go over there. That is all. There was good food and I would go over, that is all.

Mr. HALLEY. You would certainly meet people.

Mr. AMBRO. Yes; you would meet most everybody who was anybody in the county there.

Mr. HALLEY. Now, when you were there, I would like to say this before asking you any more questions. That the inferences are pretty clear, Mr. Ambro, as to what went on and everybody pretty well knows it.

The reason I was very anxious to ask you to come in and talk to the committee—and I am sorry if it has caused you any embarrassment, and I will try to correct that—but we are operating not only in New York, but every other city in the country, and we have just not had enough time to take care of any of the niceties. I just asked our boys to serve a lot of subpoenas.

As you probably know, we had the head of the New York State police here. He is certainly not suspected of being a racketeer, either.

But I will do what I can to correct or clarify it. But what I want you to do if you can is to try to take the thing out of the inference stage and tell us what went on at that restaurant.

Were political decisions made there? Were there discussions of major policy, about who would run, and so forth?

You would expect that when politicians meet.

Mr. AMBRO. Well, you see, where I am concerned, it possibly was a different thing. I had beaten the machine, you know, and I had a lot of trouble with them, see? Of course, when I came out and take a few candidates like Lebowitz and Sabatino, and run them against the organization——

Mr. HALLEY. You never went out there again after you backed Lebowitz, did you?

Mr. AMBRO. That is right.

Mr. HALLEY. But while you were going out there, before you picked a fight with the organization, you had the best opportunity of any man who fought the organization to know what was going on there, and frankly, I think we are giving you a golden opportunity to tell this committee what went on there.

Mr. AMBRO. No, that I do not know. I just know that I would meet them all there—you would see them all there.

Mr. HALLEY. Would Adonis circulate around?

Mr. AMBRO. Sure, he would come to a table and sit down and say, "Hello" and talk.

Mr. HALLEY. Well, it was not a very big restaurant, was it?

Mr. AMBRO. No.

Mr. HALLEY. Would you say it was a place where important decisions were made about political matters?

Mr. AMBRO. They must have. I cannot attest to that, but something must have happened.

Mr. HALLEY. Yes; people did not just go out there——

Mr. AMBRO. They do not go there just to sit around and have good food.

Mr. HALLEY. You can get good food closer to Borough Hall.

Mr. AMBRO. Yes; at Joe's Restaurant.

Mr. HALLEY. That is another Joe, is it not?

Mr. AMBRO. Yes.

Mr. HALLEY. That is Joe's at Borough Hall on Fourth Street.

Mr. AMBRO. That is right.

Mr. HALLEY. Now, Joe Adonis' place, therefore, was a place you would go to, so that in addition to the good food you could see that things were going on?

Mr. AMBRO. Well, you would see the Who's Who of Brooklyn there. I do not know whether it was in the theatrical field, or any field, you would meet Jim Durante there, and in the newspaper field you would meet the editor of the New York Evening Journal; you would meet him there, and you would meet Jimmy Durante. Now, you see, everybody in every field of endeavor.

When I tell you it is so, did you hear what I said of Jimmy Durante, you would meet him there.

Mr. HALLEY. How often?

Mr. AMBRO. Maybe once or twice a week.

Mr. HALLEY. Who would he go there with?

Mr. AMBRO. Well, I do not know who with. Now, that is almost 20 years ago. But I am giving you names of people who were there, and when I tell you that the editor of the New York Evening Journal was there, this will get right out of here, right to him, but I wanted to get here. He was there a number of times. I met him there. So I can go ahead and say they were talking about this and that, I do not know, but I know that they were there.

Possibly they liked the food like I did. Possibly they had some contract to be taken care of, I do not know.

Mr. HALLEY. What was Adonis' influence in Brooklyn politics?

Mr. AMBRO. He must have had a lot of influence there.

Mr. HALLEY. Why do you say that?

Mr. AMBRO. Mr. Adonis—well, I cannot put my finger on it directly or indirectly, but they knocked me out for no reason at all; they put me out of business.

Mr. HALLEY. What did Adonis have to do with that?

Mr. AMBRO. Well, you know, you have to set forth an example. Everybody knows that John Jones' wife is bouncing around with everybody else, but he does not know it.

Everyone else knows it, though. They send money, they did this and that, to knock me out.

Mr. HALLEY. How did that get down to Adonis?

Mr. AMBRO. Hearsay or whatever you want to call it, but the facts remain that all this money came in, and all the wise guys in there, the tough guys and the floaters and all, were in the district. I just scented that, and I saw it, and I knew that I was put out of business, but can I go ahead and say so? So they did it, but they don't work that way; you know how they work, they do not come before you, they work on the dock, they hit you on the back of the head. They work in the dark. They hit you on the back of the head. That is the way that they work.

Mr. HALLEY. Are you trying to say that the man who supplied the thugs, the floaters, and the cash money in the organization was Adonis?

Mr. AMBRO. I did not say that.

Mr. HALLEY. Is that what you, as an expert witness believe, Mr. Ambro?

Mr. AMBRO. I believe as an expert, yes; I believe they did it that way; yes, sir; sure.

Mr. WALSH. What was Adonis' relationship with Quail?

Mr. AMBRO. Very friendly.

Mr. WALSH. I mean, Over and above and beyond that, was it one of master and servant?

Mr. AMBRO. No.

Mr. WALSH. I mean, Did he lord it over him?

Mr. AMBRO. No.

Mr. WALSH. Did you ever hear him speak roughly or gruffly to Quail?

Mr. AMBRO. No.

Mr. WALSH. You never did?

Mr. AMBRO. No.

Mr. WALSH. Did Jim Moran frequent that place?

Mr. AMBRO. I never knew Moran; never saw him; never met him. But O'Dwyer was there.

By the way you never asked about O'Dwyer. He was there very often. I went over to see Joe McKee to have him made a magistrate with Kenny Sutherland. Now, that is something I did.

Mr. WALSH. Who asked you to do that?

Mr. AMBRO. Because he came in and asked me. He said, "Jerry, you are very friendly with Joe McKee, how about saying a word for me?"

Mr. WALSH. Where did he come in?

Mr. AMBRO. In the place there.

Mr. WALSH. What place?

Mr. AMBRO. Joe Adonis' place.

Mr. WALSH. Did anybody else talk to you about it?

Mr. AMBRO. No, sir.

Mr. WALSH. Did Adonis talk to you about it?

Mr. AMBRO. He did, sure; Bill O'Dwyer is his name, former mayor of the city of New York, see?

Mr. WALSH. Did anyone else talk to you about that?

Mr. AMBRO. No. Then Kenny and I, Kenny Sutherland, the leader of the Sixteenth Assembly District, and I came over to the city hall. You see, I was friendly with the man, as I said a while ago—I introduced all of his legislation in Albany.

Mr. WALSH. What was the name of the restaurant?

Mr. AMBRO. I do not know. I do not know that; I can't tell you; I do not know.

Mr. LAZARUS. How many years did you continue to go there?

Mr. AMBRO. How many years?

Mr. LAZARUS. Yes.

Mr. AMBRO. Well, possibly 1 year.

Mr. LAZARUS. Was that known as the Joe Adonis Restaurant?

Mr. AMBRO. Yes.

The CHAIRMAN. Was it known that he ran it, or did he run it through someone else?

Mr. AMBRO. It was known he ran it; I imagine all the people would not go there.

The CHAIRMAN. When did he stop running it?

Mr. AMBRO. I don't—I think they closed down in 1935.

The CHAIRMAN. Let's get it better than that.

Mr. AMBRO. They closed it down in 1935.

Mr. LAZARUS. You referred to the bigwigs, and you named O'Dwyer as one of them. What was his position at that time that made him a bigwig?

Mr. AMBRO. He was—he had been a magistrate for 30 days; he had been appointed by John Patrick O'Brien for a 30-day period, and his term expired. Then Joe McKee had become mayor.

Mr. LAZARUS. He had been a magistrate before McKee appointed him?

Mr. AMBRO. For 30 days; yes.

Mr. LAZARUS. You mentioned other bigwigs there. Who were some of the others?

Mr. AMBRO. Irwin Steingut.

Mr. LAZARUS. What was your relationship with him at that time? Was it friendly or not friendly?

Mr. AMBRO. Well, it was not friendly. I was always opposed to his legislation in Albany. He had certain legislation that he was interested in, and I was always opposed to it.

Mr. LAZARUS. Was that your only disagreement with him?

Mr. AMBRO. That was all. That was all that I had.

The CHAIRMAN. All right.

Are there any other questions?

Mr. LAZARUS. I would like to get back for one moment to the Mangano dinner.

Mr. AMBRO. Yes.

Mr. LAZARUS. You were unfriendly with Mangano, then, at that time; were you?

Mr. AMBRO. Yes.

Mr. LAZARUS. Would you be surprised if you found that you were listed as one of the guests of honor at that dinner?

Mr. AMBRO. I would be surprised yes; possibly as a speaker at one of the dinners, I do not know, but not as a guest of honor.

Mr. LAZARUS. Your recollection is that you were not present at that dinner?

Mr. AMBRO. That is right, where Mangano was concerned; it may have been for Sabatino; maybe you have reference to Sabatino, a dinner for him.

Mr. LAZARUS. It is possible.

Mr. AMBRO. I supported Sabatino and Lebowitz at the time against the organization, but not Mangano.

Mr. LAZARUS. There is one other thing that occurred to me while Mr. Halley was questioning you, and that is that you could not say that Adonis was supplying the funds to finance the campaign of your opponent. Now what is it that led you to infer that he did?

Mr. AMBRO. Well, I will tell you, the fellow that defeated me, his name was Joseph M. Marcella, he is collector of internal revenue now of Brooklyn, Queens, Nassau, and Suffolk Counties.

Mr. HALLEY. Is he a collector today?

Mr. AMBRO. He is a collector today.

Mr. HALLEY. And he is the fellow you think came in with the Adonis thugs and beat you?

Mr. AMBRO. Sure, now. So he was around there, he was friendly, they were all friendly. Another fellow that became a supreme court judge was very friendly, and Anthony Di Giovanni was instrumental

in helping him become assistant district attorney, he is supreme court judge, he was down there very often. I asked you to ask me names, you know. I know most everyone, and they are all in high positions today. They are all holding high positions.

I am just assistant attorney general, that is all, but, fortunately, I have been fighting them, and I have been fighting them alone up until now, both the corrupt politicians and the tough guys, the racketeers or the gangsters.

Mr. HALLEY. Please just answer the questions.

Mr. LAZARUS. I have one more question.

You brought in the name of Marcella.

Mr. AMBRO. Yes.

Mr. LAZARUS. I ask you how you connect him with Adonis and what occurred?

Mr. AMBRO. I did not connect him with Adonis. I said he defeated me in my district, and at the time all these floaters came in, and all these operators came in.

Mr. LAZARUS. Yes; we heard that.

Mr. AMBRO. And all this money was spent in the district. I do not know where he got it.

Mr. LAZARUS. You would have the committee believe it by inference that from these circumstances you believe the money came from Adonis to finance the campaign against you?

Mr. AMBRO. I do not know where it came from. I know it came in, that is all.

Mr. HALLEY. I have one other question.

Do you know Anastasia?

Mr. AMBRO. Sir?

Mr. HALLEY. Do you know Albert Anastasia?

Mr. AMBRO. No; I do not.

Mr. HALLEY. You never met him?

Mr. AMBRO. No.

Mr. HALLEY. That is all.

Mr. AMBRO. Do you want my income-tax returns?

Mr. HALLEY. Will you show Mr. Walsh the returns?

Mr. AMBRO. I only have as far back as 1942. I worked as counsel to the Tradeways Industry at \$2,500 a year, and that is all I have.

Mr. HALLEY. Just show them to Mr. Walsh, please, on your way out. That will be all. All right.

By the way, what is Adonis' power there today?

Mr. AMBRO. I do not know. I do not think he has any power. Possibly he has an undisclosed operation, but I do not know.

They say he lives in Connecticut somewhere, so I do not know.

Mr. HALLEY. Thank you very much.

Mr. AMBRO. Any time.

Mr. HALLEY. All right. Thank you, sir.

The CHAIRMAN. Will you call your next witness, please?

Mr. HALLEY. Yes; we will call Mr. Bals.

The CHAIRMAN. Good morning, Mr. Bals.

Mr. BALS. Good morning, sir.

Mr. HALLEY. Mr. Bals, this is Senator Kefauver and this is Senator Tobey.

The CHAIRMAN. How are you, sir? This is Mr. Halley, this is Mr. Lazarus, and this is Mr. O'Connor.

Mr. BALS. How do you do.

The CHAIRMAN. Will you raise your right hand and be sworn, sir?

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. BALS. I do.

TESTIMONY OF FRANK C. BALS, FORT LAUDERDALE, FLA.

Mr. LAZARUS. Will you give your name to the stenographer, please?

Mr. BALS. Frank C. Bals.

Mr. LAZARUS. What is your address?

Mr. BALS. 1945 Karen Drive, Fort Lauderdale, Fla.

Mr. LAZARUS. What do you do at the present time?

Mr. BALS. I am retired.

Mr. LAZARUS. What were you doing before you retired?

Mr. BALS. Well, I was a seventh deputy police commissioner in the city of New York.

Mr. LAZARUS. How long did you occupy that position?

Mr. BALS. Sir?

Mr. LAZARUS. How long did you occupy that position?

Mr. BALS. Oh, from April until February; a little less than a year.

Mr. LAZARUS. Of what year?

Mr. BALS. Of 1946.

Mr. LAZARUS. What did you do before that?

Mr. BALS. I was secretary to the department.

Mr. LAZARUS. And before that will you tell us something about your career?

Mr. BALS. Well, I started in in 1916 as a policeman, and I went up to the rank of acting captain. In 1940—I think it was 1940 or 1941, I think it was a few days before Pearl Harbor—I retired as acting captain.

About a month later I was appointed chief investigator for the district attorney of Kings County. I held that position for about—oh, for about a year, I think—and then I retired there.

Then I went to work for Paul O'Neill's Detective Agency. I only held that for about 3 months.

Then I went into the Continental Shipbuilding Co. in Brooklyn, and I organized a protective organization there during the war, and I was there all the time.

Then on January 2, the day Mayor O'Dwyer was sworn in, I was appointed secretary to the police department.

A few months after that I was made seventh deputy—

Mr. LAZARUS. Who was responsible for your appointment in the district attorney's office?

Mr. BALS. General O'Dwyer.

Mr. LAZARUS. It was a personal appointment?

Mr. BALS. Well, I will tell you, I am not too clear about that. That job was vacant and at the time I retired he wanted to bring me back there, and I think he made some arrangement with Mayor LaGuardia at that time to open that job, and I came back in the office to continue that investigation on Murder, Inc.

Mr. LAZARUS. Then, as I understand it, it was an appointment made at his personal behest?

Mr. BALS. At General O'Dwyer's behest?

Mr. LAZARUS. Yes.

Mr. BALS. Yes, sir.

Senator TOBEY. Is this general any relation to the Ambassador?

Mr. BALS. It is all the same.

Mr. LAZARUS. That was after he became mayor?

Mr. BALS. No; that is when he was district attorney of Kings County.

Mr. LAZARUS. We are talking about when he became a general.

Mr. BALS. We are talking about the chief investigator job, now; are we not?

Mr. LAZARUS. That is right.

Mr. BALS. He was district attorney of Kings County at that time.

Mr. LAZARUS. Will you describe your duties as chief investigator; tell us something of your duties there?

Mr. BALS. Well, at that time we were investigating Murder, Inc., and I just continued on on that investigation.

Then what slowed that up, of course, the district attorney went into the Army, and things started to just level off, and I saw an opportunity to do better for myself, because while I was chief investigator I was not drawing a pension.

When I went into private industry I got my pension and my salary besides. I mean, that was my main reason for doing it—was to try to better myself.

Mr. LAZARUS. Then you became a seventh deputy—

Mr. BALS. Well, that is after a number of years.

Mr. LAZARUS. Yes; after you went out into private employment.

Mr. BALS. Then I came back as secretary to the department. I only held that a few months, when they created the office of seventh deputy. They had to create that office; they had no seventh deputy when I took over.

Mr. LAZARUS. What were the duties of the seventh deputy when you were there?

Mr. BALS. I had men assigned to me, and I organized a squad. The purpose of that squad was to organize information. I had no powers of arrest. What I did was to get information, or get whatever information I could through various sources, and report that direct to the police commissioner. That was turned over to whatever squad or whatever district it pertained to.

Mr. LAZARUS. Information about what?

Mr. BALS. Major crimes; mostly major crimes.

Mr. LAZARUS. Will you limit in any way the performance of your duty to gather information—or rather, were you limited in any way in the performance of your duty to gather information?

Mr. BALS. Gambling? No, we turned that in ourselves.

Mr. LAZARUS. I did not say gambling. I said in your gathering of information.

Mr. BALS. Oh, I thought you said gambling. I was not limited to anything.

Mr. LAZARUS. So far as—since you brought gambling up, what were your duties in connection with gambling?

Mr. BALS. What I did there was, I selected six men from the detective division, and six from the plain clothes division. My idea was

try to work those together—to bring the gambling information in with the criminal information. So any information that those men gathered, there was a report made out, and that was turned over direct to the police commissioner.

Mr. LAZARUS. Yes.

Mr. BALS. I had nothing further to do on that—just to report it.

Mr. LAZARUS. How long did those duties continue—the gathering of general information, the duties you embarked upon when you became seventh deputy?

Mr. BALS. I should say about 4 months—3 or 4 months, to the best of my knowledge.

Mr. LAZARUS. Were those duties discontinued after that?

Mr. BALS. Well, the men, the first men sent back were the—what is known as the plain clothesmen, and then gradually the detectives were sent back.

Mr. LAZARUS. At whose orders?

Mr. BALS. On the orders of the police commissioner.

Mr. LAZARUS. Now, the work you started was discontinued in about 4 months?

Mr. BALS. I think it was; yes, to the best of my knowledge.

Mr. LAZARUS. What did you do?

Mr. BALS. Well, then I was left with one detective and one clerical man, and it was just a question of reporting to the police commissioner, and that went on for a certain length of time, and then I decided that for everybody's good it was just as well if I retired.

Mr. LAZARUS. What do you mean by that?

Mr. BALS. Well, in other words, my opinion was that there was a lot of jealousy in the department. The squad was considered this, that, and the other thing, and I could not see continuing.

Mr. LAZARUS. What do you mean it "was considered this, that, and the other thing"?

Mr. BALS. Well, I mean, they considered that they were being over-supervised, or overruled. I am just giving you my opinion, you know. I do not know what they considered, but that is my analysis of it.

Mr. LAZARUS. We would like to know what you know.

Mr. BALS. Sir?

Mr. LAZARUS. We would like to know what you know, if you will tell the committee, please.

Mr. BALS. In the first place, I will give you the actual facts, and we can draw our own conclusions.

I was left with one detective and one clerical man and a chauffeur, and my main duties were to report to the police commissioner. I wrote major crimes when I first went there, and after that I was notified on them.

Mr. LAZARUS. You were just relieved of your duties in connection with this job of general investigation?

Mr. BALS. I think that would make it very clear; yes.

Mr. LAZARUS. And the commissioner relieved you of those duties?

Mr. BALS. Yes, sir; I was responsible to the commissioner and I reported to him.

The CHAIRMAN. Who was the commissioner at that time?

Mr. BALS. Commissioner Wallander.

Mr. LAZARUS. I would like to take you back to your duties in the district attorney's office.

Mr. BALS. All right.

Mr. LAZARUS. Did you devote yourself entirely to the Murder, Inc., investigation?

Mr. BALS. Yes, sir. I mean, you are going back 10 years now. There may be an isolated case there, but that was a major—my major duties; that is why I went in there.

Mr. LAZARUS. The quieting down, as you say, of the work in the office was due to the departure of the district attorney on military duties?

Mr. BALS. That is right.

Mr. LAZARUS. There had been considerable activity prior to his leaving in connection with Murder, Inc.?

Mr. BALS. There was, but I think we were just about coming in at the tail end of the trials, then.

I think most of the trials were over.

Mr. LAZARUS. One case had not been brought to trial at that time, the Anastasia case.

Mr. BALS. Yes, sir.

Mr. LAZARUS. Will you tell us something about that?

Mr. BALS. Well, so far as the Anastasia case goes, I can tell you quite a bit about that. Contrary to anything, I do not think that we ever had enough to indict Anastasia. Where those that conducted the investigation knew he had a hand in every one of those murders, you could put the finger on him, but you could not get the legal evidence.

So far as the courts of the State of New York were concerned, we needed corroboration. One case I have in mind is the Nittsburg case. I think that we tried that twice, and a ruling came back from the court of appeals which made it almost mandatory that we would have to have an eye witness for our corroboration. I mean it was so written and my opinion was that in order to even lock up Anastasia, and then bring him to trial and lose him, you would only make a bigger man out of him than he ever was, but I do not think that there was ever a murder committed in New York that Anastasia did not give the O. K. on during my time. I do not think they could have committed it.

Mr. LAZARUS. Let me call to your mind that the fact of your recollection of the failure to indict Anastasia differs somewhat from District Attorney O'Dwyer. It is my recollection that he testified under oath that a perfect murder case was made out against Anastasia.

Mr. BALS. Gentlemen, I can tell you that I will differ with him when he made that statement, and I will differ with him now. I do not think there was a perfect murder case, but if I were on a jury I would not convict him with what we had.

Mr. LAZARUS. You were the investigator, and not on a jury. Do you recall why District Attorney O'Dwyer said there was a perfect case against Anastasia?

Mr. BALS. No, I heard something of his making that statement, but I certainly cannot tell you the reason for it.

Mr. LAZARUS. Do you know the reason why he stated Anastasia could not be prosecuted?

Mr. BALS. No, sir; I do not.

Mr. LAZARUS. The corroboration you just mentioned necessary to convict, what did you know about holding in custody of one Abe Reles?

Mr. BALS. I know quite a bit about it.

Mr. LAZARUS. Tell us about it, please.

Mr. BALS. Well, let us start in with when Abe Reles first decided to talk, I and Captain McGowan, who is dead now, went over to the Tombs, and brought him into the district attorney's office—that is, District Attorney O'Dwyer. I remember well, it was a Good Friday. Just what year it was, I think it was 1940 and, of course, he started to talk; he started to tell all about everything, all his connections. Now it was really on Reles' talk that we got the other witnesses, we got Tannenbaum who corroborated his story.

And then I think there was Joe the Baker who come in, and there were several others, and we kept those in custody in a hotel. I had supervision.

Mr. LAZARUS. What hotel was that?

Mr. BALS. The Half Moon—no, no; we kept them in two hotels, we had them in the Bossert Hotel, first, and then the Half Moon. We switched them a couple of times. There was a good reason. They knew where we had them, so we just moved them around.

Mr. LAZARUS. I would assume that he was plainly incarcerated at the Half Moon.

Mr. BALS. That is right.

Mr. LAZARUS. How long was he there; do you recall?

Mr. BALS. No; the records have to bear that out.

Mr. LAZARUS. What happened at the Half Moon?

Mr. BALS. Well, if we go right down to the time of his death, I can tell you.

Mr. LAZARUS. Yes; tell us.

Mr. BALS. Well, of course, in the Half Moon Hotel we had a suite of rooms there, and we built a special barrier across one of the halls, a partition with a peephole in it. I got a call one morning that Reles was gone. I mean, that is the way the call came to my home.

So, of course I immediately called for a chauffeur and I went down there. When I saw Reles he was lying on a roof, I think five stories below, and there was an indication that he had tied a bedsheet and tried to slide down to the floor below to a vacant apartment, but in particular, the bedsheet he used, he used along with that a piece of telephone wire, with that rubber covering, and little did he know that you cannot tie a knot in that thing, and when he put his pressure on, the knot pulled out and he went down.

Mr. LAZARUS. He was up five stories, you say?

Mr. BALS. I think it was five.

Mr. LAZARUS. How many bedsheets had he tied together?

Mr. BALS. I think just one bedsheet, from all indications.

Mr. LAZARUS. Who was the owner of the hotel?

Mr. BALS. I cannot tell you that. I think it was a corporation.

Mr. LAZARUS. You do not have any knowledge of the stockholders or the officers?

Mr. BALS. No, sir.

Mr. LAZARUS. Well, let us get back to some other investigations that you have conducted while a special investigator. Did you conduct an investigation of the water front?

Mr. BALS. No, sir.

Mr. LAZARUS. Did you have anything to do with it?

Mr. BALS. No, sir; but I can tell you about that. When that water front came in, we were very busy on something else, and I think the chief district attorney, Joseph Hanley, conducted that investigation. I think he questioned most of those witnesses. I think he has an office some place on John Street.

Mr. LAZARUS. Just a moment, please.

Mr. BALS. I can give you a little more on that water front, who conducted that.

Mr. LAZARUS. Please do.

Mr. BALS. There was a Lieutenant Arnold who worked in the Hamilton Avenue precinct at that time and if my memory serves me right, I think Arnold did as much as anybody on it. I may have done some little work on it, but the whole investigation, I think Hanley and Arnold handled that.

Mr. LAZARUS. What is your relationship with former Commissioner Wallander at this time?

Mr. BALS. It has never differed. I know him since I am on the job, and I have never had any—

Mr. LAZARUS. What was it at the time of your resignation or retirement?

Mr. BALS. It was cordial.

Mr. LAZARUS. You were ready and willing to leave at that time?

Mr. BALS. I certainly was.

Mr. LAZARUS. You had no special reasons given why your duties had been terminated or sharply reduced?

Mr. BALS. Nobody asked me to retire, and it was just that I felt that I was just about old enough and able enough to feel that I had enough of it.

Mr. LAZARUS. And some of the talk in the department?

Mr. BALS. Now that did not interfere with me.

Mr. LAZARUS. You will recall, Mr. Bals, that there was a great deal of talk, and I would like to get your opinion of what it amounted to at the time, and that was gambling was going on to a greater extent during that time than ever before. What was your opinion of that?

Mr. BALS. Well, I will give you just one example of it.

When I got in there, there was quite a few anonymous letters written in. One I recall very well that stated that I was on Forty-second Street and Broadway and I was drunk. Well, I myself know I was not there. So, as far as anonymous communications, I can tell you that I never paid a lot of attention to them.

Mr. LAZARUS. Well, these are not anonymous communications.

Mr. BALS. I mean rumors, they came with rumors.

Mr. LAZARUS. Would it surprise you that certain police officers testified that that was the fact?

Mr. BALS. Well, it would.

Mr. LAZARUS. That gambling was widespread at that time, more so than it had ever been?

Mr. BALS. It would, because you must remember, so far as I am concerned, my specialty was never gambling. Even if it was, you must remember this, that all my duties were to report it, and it was somebody else's duty to carry it out. So if that was true, then some-

body else was falling down. It certainly cannot be put on my shoulders, because I never had the power to make an arrest. I had the power of supplying the information.

Mr. LAZARUS. Did you make any reports as to gambling that you found in this general investigation?

Mr. BALS. I certainly did.

Mr. LAZARUS. And those would be at the police department?

Mr. BALS. I forwarded everything direct to the police commissioner.

Mr. LAZARUS. Do you know Mr. James Moran?

Mr. BALS. Yes; I do.

Mr. LAZARUS. What was his position in the district attorney's office while you were there?

Mr. BALS. He was chief clerk.

Mr. LAZARUS. Did you hear anything at the time of the death of Reles that certain cards were removed from the records of the office?

Mr. BALS. I can answer that in this way, while I was in the shipyard I was called before the grand jury and asked about those things. I had no knowledge of that. Of course, I believe at that time I was working in the shipyard.

Mr. LAZARUS. You were not officially interested in the Reles case and the subsequent death of Reles?

Mr. BALS. No.

Mr. LAZARUS. You would have information only that came to you?

Mr. BALS. No. When Reles died I was still there.

Mr. LAZARUS. That is what I thought.

Mr. BALS. But after that, there were rumors that certain records were removed, not at the time of Reles' death, but after that, and then I think it was the Beldock grand jury held an investigation. I was subpoenaed before them and I signed a waiver and I testified in detail. I cannot tell you what that was.

Mr. LAZARUS. Did you have any connection with the holding in custody of Reles? Did you have any direct connection with that?

Mr. BALS. Yes; I supervised it.

Mr. LAZARUS. You did?

Mr. BALS. Yes.

Mr. LAZARUS. Do you know who was directly in charge of the prisoner at the time prior to his death; immediately prior to that time?

Mr. BALS. Now, I will tell you, we can get at that. There were six men there. There were six men up there guarding him, not him alone, there were other witnesses there, if you may call them that.

Mr. LAZARUS. Do you recall whether certain of those men were in Reles' room at any time prior to his death within, shall we say, an hour?

Mr. BALS. Well, the room was practically all in one. You have got to realize, it was a suite of rooms, and there were no doors.

Mr. LAZARUS. And the prisoner was out in the open at the time?

Mr. BALS. He had a bed there and he was supposed to be in bed.

Mr. LAZARUS. And there was a man watching him at all times?

Mr. BALS. There were men in there. I cannot understand, I have my opinion of it, but they evidently fell asleep.

Mr. LAZARUS. That is your explanation or your belief?

Mr. BALS. Well, how could he do it if they did not?

Mr. LAZARUS. That is what we would be interested in finding out.

Mr. BALS. I mean, that is my candid opinion of it. Somebody fell asleep on the job.

Mr. LAZARUS. There was more than one man?

Mr. BALS. I think there was six, either four or six.

Mr. LAZARUS. Were there any visitors to that room, other than the policemen on duty, prior to the death?

Mr. BALS. I think the investigation will show that his wife visited him the night before.

Mr. LAZARUS. I mean, within an hour?

Mr. BALS. No, no; I think that this happened around 3 in the morning, the best we could reconstruct it.

Mr. LAZARUS. You were not there, this is the information that was given to you after his body was found?

Mr. BALS. That is correct. I was notified at my home.

Mr. LAZARUS. How soon after the body was found?

Mr. BALS. Oh, I do not know. It did not take me 10 minutes to get there. I was in bed, and I did not take more than 10 minutes to get to Coney Island, because I called for a car immediately and we traveled as fast as we could.

Mr. LAZARUS. The question I asked you is how long after the body was discovered, or after Reles went out the window did you learn of it?

Mr. BALS. Well, the only way I can answer that question, sir, is, how long it took me to get there after I was notified.

Mr. LAZARUS. That is not it. We misunderstand one another, perhaps.

Mr. BALS. I am sorry. I am trying to answer it.

Mr. LAZARUS. When were you notified?

Mr. BALS. To the best of my recollections it was about 7 in the morning.

Mr. LAZARUS. When was the body supposed to have been found?

Mr. BALS. Well, that is about the time they are supposed to have discovered that he was missing.

Mr. LAZARUS. And how was he discovered? How was it discovered that he was missing?

Mr. BALS. Well, the minute they went to his room, all the evidence was there—I mean the sheet was out the window, and if you looked out the window you could see him, there.

Mr. LAZARUS. Then we have it now that the officers were not on duty. You said that there was always someone in the room.

Mr. BALS. There was someone assigned to the apartment. You must remember that this was a suite of rooms.

Mr. LAZARUS. I understand, and there were no doors in them, and there were officers on duty to see that he was kept there and that nothing happened to him?

Mr. BALS. That is right.

Mr. LAZARUS. Now, you say as soon as it was discovered that he had disappeared, which means what?

Mr. BALS. Well, it means when I was notified, of course I cannot testify as to what happened at the hotel when I was not there.

Mr. LAZARUS. I want to know what your report was, since you were in charge.

Mr. BALS. I do not recall it. I mean, you are going back 10 years. If there are any records I am sure if I could refresh my memory I could give you a better story. I mean it is just one of those things. I mean, that is 10 years ago.

Mr. WALSH. Mr. Bals, was Reles at the Half Moon Hotel under your command and detectives guarding him?

Mr. BALS. Yes.

Mr. WALSH. Were they to make reports on who visited him?

Mr. BALS. Oh, yes.

Mr. WALSH. And did they make a report to you the morning of the death, as to who visited him that night?

Mr. BALS. Well, now, if we are talking reports, to be best of my recollection, I know I was told his wife had been there.

Mr. WALSH. Had anyone else been there?

Mr. BALS. Not that I know of. I do not remember that.

Mr. WALSH. If anyone was to go in, they had to get permission from you?

Mr. BALS. That is right.

Mr. WALSH. Does that include the New York City police officer of superior rank?

Mr. BALS. I think it would, at that time, because nobody knew, we kept that very close, there were no outsiders got in there at all, because we tried to guard against that.

As a matter of fact, that is what caused my retirement at that time, people wanted to know things, and I just wanted to tell them on that investigation, if you conducted that loosely, you were out of luck.

Mr. WALSH. Would the prohibition against visitors include the district attorney's office attachés?

Mr. BALS. There were only certain people allowed in there. What I mean by that, let me give you an idea of the way——

Mr. WALSH. Who, for instance, would have access to the room?

Mr. BALS. Well, if a case was on trial, the trial attorney or his clerk.

Mr. WALSH. You mean the trial attorney of the district attorney's office?

Mr. BALS. That is right. If Mr. Turkus was trying the case, and Mr. Kelly was his clerk, both Kelly and Turkus would go in there. There would be nothing thought of it.

Mr. WALSH. Who else besides the district attorney's men and the clerks?

Mr. BALS. That is all, to the best of my knowledge.

Mr. LAZARUS. It would be possible that anyone from the district attorney's office could come there and gain access to the room?

Mr. BALS. No, sir.

Mr. LAZARUS. The district attorney, certainly.

Mr. BALS. Oh, yes.

Mr. LAZARUS. Or any assistant, or only those——

Mr. BALS. Only those assigned to the case.

Mr. LAZARUS. Would there be any other officials in the office who would have general jurisdiction to report and keep the records who would have any right to visit the room?

Mr. BALS. Well, I would answer that "No," to the best of my knowledge.

Mr. LAZARUS. Would you say then that was absolutely limited to admission as to the district attorney himself and the assistants assigned to the case and actively engaged in the trial or preparation for the trial?

Mr. BALS. I think if we leave it at that, we would have a very good idea of it.

Mr. LAZARUS. You would say, then, that no one else could have gotten there except those you named?

Mr. BALS. That is right.

Mr. LAZARUS. You do say so?

Mr. BALS. I do.

Mr. LAZARUS. Would you have any responsibility with relation to the cards that were connected with any investigation?

Mr. BALS. I could not quite get that. Excuse me.

Mr. LAZARUS. What would be your responsibility with relation to records or cards?

Mr. BALS. Well, while I was in that office I had clerical men taking care of that. I mean, I had men assigned for records and cards as stenographers.

Mr. LAZARUS. It was their responsibility, was it not, to guard those?

Mr. BALS. Certainly, certainly it was, and I will put this on the record, during this investigation we were overcareful that there were no leaks.

Senator TOBEY. When you went down and found Reles' body five floors below, how many men were in the room?

Mr. BALS. That would be a hard question for me to answer.

Senator TOBEY. You said there were six men guarding the room. Were a large portion of those six there?

Mr. BALS. Yes; I will say there were a large portion of them there, that all the men that were assigned there at that time were all present when I got there.

Senator TOBEY. All right. What did you do to them?

Mr. BALS. Well, they were tried and——

Senator TOBEY. Were they acquitted?

Mr. BALS. No; they were all demoted.

Senator TOBEY. What did they say in extenuation of their being asleep?

Mr. BALS. Of course they did not say they were sleeping.

Senator TOBEY. What did they say happened?

Mr. BALS. I do not recall.

Mr. HALLEY. Oh, you must recall. Now, Senator Tobey is entitled to get decent answers. You were the chief investigator of the D. A.'s office.

Senator TOBEY. You found the man who was guarded so carefully and secretly dead five floors below, and you found the majority of the six men were there with the obligation to guard the man, and he still managed to get away and rig a rope and let himself out, and you find the dead body, and then you come in, in charge of everybody. What did you say to these men?

Mr. BALS. The first thing I did was to conduct an investigation and make a report.

Senator TOBEY. Before you had the investigation, here we are in the room now, with a dead body five floors down. What did you say the first thing?

Mr. BALS. I cannot tell you that. That is over 10 years ago.

Senator TOBEY. So, it was a pretty vivid experience, a pretty striking experience, for a chief of detectives to find the man that he had been guarding dead, and his men defaulting in their duty. What did you say?

Mr. BALS. Well, I——

Senator TOBEY. Your mind is a blank?

Mr. BALS. No; I will not say it is blank.

Senator TOBEY. What is it?

Mr. BALS. I can't give you an intelligent answer.

Senator TOBEY. That is the only time that anything like that ever happened in your life, is it not? It was a pretty dramatic thing, was it not?

Mr. BALS. Yes; it was.

Senator TOBEY. And it was a pretty important thing?

Mr. BALS. That is right.

Senator TOBEY. And you can't remember what you did when you came into the room?

Mr. BALS. Well, the first thing that we did, there were several departments to notify, the medical examiner had to be notified, and an investigation had to be made.

Senator TOBEY. Did you say, "What in hell have you men been doing to allow this?"

Mr. BALS. No doubt.

Senator TOBEY. What did they say?

Mr. BALS. I can't tell you the exact words.

Senator TOBEY. You were struck dumb by it?

Mr. BALS. I certainly was, because we lost a good witness.

Senator TOBEY. That is all I have to say.

Mr. HALLEY. Before I ask a question for the record, Senator Tobey, you understand that Reles was a key witness in Murder, Inc., don't you?

Senator TOBEY. Yes; I do.

Mr. LAZARUS. Was anyone else from the district attorney's office there when you arrived at the scene?

Mr. BALS. No; I think I was the first one on the scene.

Mr. LAZARUS. Did anyone else from there come in while you were there?

Mr. BALS. Not that I recall. I know the medical examiner came there and all the police officials.

Mr. LAZARUS. I mean from the district attorney's office.

Mr. BALS. No; I do not recall anybody.

Mr. LAZARUS. Do you recall Mr. Moran being there?

Mr. BALS. I cannot, I do not.

Mr. LAZARUS. Your recollection is that he was not there?

Mr. BALS. I would not say he was there, and I would not say he was not there. I cannot tell you right now.

Mr. HALLEY. Well, if you continue to talk that way about something that important, you will find this committee taking a most hostile attitude.

Are you saying you do not know whether Moran was there or not there?

Mr. BALS. I would not take that attitude, because I have not got that attitude. We can get the record. Give me a few minutes to refresh my memory and I can tell you.

Mr. HALLEY. You mean if you took time to refresh your recollection and came back here, you think you could give us—

Mr. BALS. No; I do not have the records. We would have to get them out of the police department. We could get the trial record.

Senator TOBEY. What did the coroner give as his verdict of death?

Mr. BALS. I could not even tell you.

Senator TOBEY. You must know that. You do not know what the coroner's verdict was? Were there any marks on the body, any bullet holes?

Mr. BALS. The cause of death was the fall.

Senator TOBEY. Is that what the coroner said in his official report?

Mr. BALS. Well, if I remember, I cannot tell you the official report on this, Senator.

Senator TOBEY. Was the body photographed?

Mr. BALS. Certainly.

Senator TOBEY. Did the coroner say it was as the result of the fall that he died?

Mr. BALS. Yes.

Senator TOBEY. Or by violence at the hands of parties unknown?

Mr. BALS. I could not answer that.

Senator TOBEY. He might have said the latter, might he not?

Mr. BALS. I do not know. You are going back 10 years now.

Senator TOBEY. Ten years is a long time, but I might say, a murder like that only happens once in a lifetime.

Mr. BALS. Senator, we are in a position to get all the records. You can get the medical examiner's report.

Senator TOBEY. We are asking you, you who were the major domo, you were the ringmaster, and you yourself had the responsibility, and your six dummies there let the man go out the window, or else they threw him out quid pro quo, or something of the sort.

I think the thing is shady, to me, this whole thing is shady. He was the most influential witness you had, and they wanted to get him out of the way.

Mr. BALS. My thought is that he just tried to play smart and sneak down to the next floor.

Senator TOBEY. Was he in his night clothes?

Mr. BALS. No, sir.

Senator TOBEY. His body was all clothed?

Mr. BALS. I think he had on all his clothes.

Senator TOBEY. What time did it happen?

Mr. BALS. It happened during the night; it was 7 in the morning when I got there.

Senator TOBEY. How long had he been dead, according to the coroner's inspection?

Mr. BALS. I think we got—when we got there, rigor mortis started to set in.

Senator TOBEY. How long did that take after death?

Mr. BALS. Anywhere from 3 to 4 hours.

Senator TOBEY. And these six guards, in the 3 or 4 hours before rigor mortis set in, probably continued to sleep soundly; no one woke up and, when you came, what were they doing?

Mr. BALS. Well, they were up all around there, and some were downstairs with the body.

Senator TOBEY. What did they say had happened?

Mr. BALS. Well, of course, at the time—it is going to be hard for me—

Senator TOBEY. I should think it would be the easiest thing in the world. There is not a man in this room who would not remember the details of that to their dying day.

Mr. BALS. Well, I have had a lot of experiences.

Senator TOBEY. You are certainly far from being dumb.

Mr. BALS. I am not trying to be dumb, or appear dumb. The records are there, if I can go over them and refresh my recollection, I think I can tell you a better story.

Senator TOBEY. I certainly do not think you could tell a worse story.

Mr. BALS. I am doing the best I can.

Senator TOBEY. But you are not doing good enough.

Mr. SHIVITZ. Why don't you answer to the best of your recollection what was said without referring to the records, what you recall that was said at that time?

You must have some recollection, Mr. Bals.

Mr. WALSH. Wasn't it an extraordinary thing to have prisoners incarcerated in hotels?

Mr. BALS. Yes, it was.

Mr. WALSH. It was an extraordinary thing?

Mr. BALS. That is right.

Mr. WALSH. It is the custom and practice to put people in jail. We have a number around the city.

Mr. BALS. That is right.

Mr. WALSH. When you took the men out of the jail and put them into a hotel, you took some extraordinary precaution, did you not?

Mr. BALS. I did.

Mr. WALSH. In the first place, you leased a suite?

Mr. BALS. Right.

Mr. WALSH. And you took doors out of all the rooms connecting with the suite?

Mr. BALS. That is right.

Mr. WALSH. And you put a peephole up in the corridor?

Mr. BALS. Yes.

Mr. WALSH. And this was a public hotel?

Mr. BALS. That is right.

Mr. WALSH. Now, as the Senator says, this is all extraordinary. How many years were you a policeman?

Mr. BALS. I was appointed in 1916.

Mr. WALSH. And this was 1942?

Mr. BALS. About 1940.

Mr. WALSH. Twenty-four years.

Mr. BALS. That is right.

Mr. WALSH. In those 24 years you worked on a number of cases, did you not?

Mr. BALS. Yes, sir.

Mr. WALSH. Were you a member of the detective division?

Mr. BALS. Yes, sir.

Mr. WALSH. How many prisoners, other than this Murder, Inc., group, did you ever have in a hotel room?

Mr. BALS. Those are the first prisoners I ever had in a hotel room.

Senator TOBEY. Who gave the orders?

Mr. BALS. They came from the district attorney.

Senator TOBEY. That was O'Dwyer?

Mr. BALS. That is right.

Senator TOBEY. What was his reason for giving that extraordinary order?

Mr. BALS. It was to keep the witnesses away, the material witnesses away from all other prisoners.

Senator TOBEY. If he had been in a cell in jail he would be kept away.

Mr. BALS. Yes; but they would be reached by other inmates there.

Senator TOBEY. Other inmates in the jail?

Mr. BALS. Yes.

Senator TOBEY. Could they not have been held incommunicado?

Mr. BALS. They would be held as material witnesses, or as a material witness, and I understand that they have a separate part of the jail set aside for material witnesses.

Senator TOBEY. Yes.

Mr. BALS. I do not think you would get the story.

Senator TOBEY. Who selected the six men?

Mr. BALS. I would say I did.

Senator TOBEY. Do you remember their names?

Mr. BALS. No; I do not. I remember, I may remember one or two of them.

Senator TOBEY. Well, give us their names. Maybe we would like to talk to them. So, be sure to give us their names right.

Mr. BALS. Well, I will tell you what I prefer, Senator, if you would give me a chance to look up the record and get the names, because you are asking me a question here that is rather hard for me to answer, to come back and give you the exact names of six men.

Senator TOBEY. I do not care who their fathers were. What were their names, officer so-and-so and officer so-and-so.

You cannot make this committee believe that you cannot remember the names of the men who were there. That is just ridiculous. Why don't you spill it, and come out with it? Don't try to screen this thing. We certainly mean business here, sir, in this case. We are going to the last dregs of it.

Mr. BALS. Senator, I am here to help you.

Senator TOBEY. And I want to tell you that we have got the power to do that.

Mr. BALS. I know that.

Senator TOBEY. And God help the fellow that tries to play funny with us. We are going through with this thing. You haven't seen anything yet. You have got your chance now, and if you have some common sense you will spill it. It is manifest to any keen observer here with witnesses that you are holding back. It is manifest.

Mr. BALS. Senator, it would be very foolish for me to hold back something that is a public record. It is a public record as to who those six men are. I am not trying to conceal anything.

Senator TOBEY. Well, you do not impress us at all favorably with your attitude before this committee this morning.

Mr. BALS. I am very sorry.

Senator TOBEY. If you are sorry, then come across.

Mr. HALLEY. Are you retired from the police department now?

Mr. BALS. I am.

Mr. HALLEY. When did you retire?

Mr. BALS. I retired 4 years ago.

Mr. HALLEY. Where are you living now?

Mr. BALS. In Fort Lauderdale.

Mr. HALLEY. Have you any business there?

Mr. BALS. No, sir.

Mr. HALLEY. Have you had any business since you retired?

Mr. BALS. No, sir.

Mr. HALLEY. What is your pension?

Mr. BALS. \$6,000.

Mr. HALLEY. And you have been living on that?

Mr. BALS. That is right.

Mr. HALLEY. Have you any assets in addition to your pension?

Mr. BALS. No, sir.

Mr. HALLEY. Do you have a bank account?

Mr. BALS. I have.

Mr. HALLEY. Where is that?

Mr. BALS. At the Broward National.

Mr. HALLEY. In Fort Lauderdale?

Mr. BALS. That is right.

Mr. HALLEY. Do you have any other bank account?

Mr. BALS. I have two accounts there, and I have just opened a checking account at the Dania Bank.

Mr. HALLEY. Where is that?

Mr. BALS. At Dania, Fla., 4 miles out of Lauderdale.

Mr. HALLEY. Are you married?

Mr. BALS. I am.

Mr. HALLEY. Does your wife have a bank account?

Mr. BALS. No, sir. I say, "No, sir," but all those accounts are joint accounts.

Mr. HALLEY. Do you own any automobiles?

Mr. BALS. I do.

Mr. HALLEY. What do you own?

Mr. BALS. I own a 1949 Packard which I have had about 4 months. I turned in a 1948 Chevrolet and gave them \$400 for it.

Mr. HALLEY. Do you have any other automobile?

Mr. BALS. No, sir.

Mr. HALLEY. Do you own any real estate?

Mr. BALS. I do.

Mr. HALLEY. When I say "you," I mean you or your wife.

Mr. BALS. Yes; any question I answer pertaining to that will be my wife and myself, because everything is joint.

Mr. HALLEY. What real estate do you own?

Mr. BALS. I have five lots in Carmel, N. Y. I purchased them maybe 20 years ago. That was bought from the newspaper, the Mirror. They ran an ad and they were paid off so much down and so much when they catch you.

I also have some acreage up at Stuart, Fla. I bought that in 1947. I have about 10 acres there and I paid \$2,200 for it.

That is the only real estate that I own. I am just here from selling my own home.

Senator TOBEY. Who was the officer in charge of the six men? One man was in charge.

Mr. BALS. There was a detective in charge.

Senator TOBEY. What is his name?

Mr. BALS. I cannot think of that name, Senator; I cannot think of their names.

Senator TOBEY. You remember the man in charge, certainly?

Mr. BALS. No; I do not.

Senator TOBEY. But you remember that there was a man in charge?

Mr. BALS. There is always a man; the senior man on the squad would be in charge.

Senator TOBEY. You appointed the squad and placed them there?

Mr. BALS. That is right.

Senator TOBEY. And you cannot remember the names of any one of the men?

Mr. BALS. Now——

Senator TOBEY. Well, you said you might be able to name one of them or two of them and now you have not come across with one.

Mr. BALS. Well, if I gave you a name I might be mistaken about it. I think Buckley was one of them, but what I would prefer to do would be—if we can get the records out on this thing, they will be there, and we can have all the names. You must remember during the time of those investigations those were not the only witnesses we had in the hotels. We had women in hotels——

Senator TOBEY. Well, there wasn't any as important as Reles, we know that. What did O'Dwyer say to you when he heard of Reles' death?

Mr. BALS. As a matter of fact, I called O'Dwyer at his home the minute I was notified, and he said, "You had better get right down there."

Senator TOBEY. What else did he say?

Mr. BALS. I do not remember anything else.

Senator TOBEY. That is elementary to what we are getting down to.

Mr. BALS. That is right.

Senator TOBEY. That is all he said?

Mr. BALS. He seldom issued instructions to me. What I mean by that——

Senator TOBEY. Did he talk to you about it afterward?

Mr. BALS. Sir?

Senator TOBEY. Did he talk to you about it afterward?

Mr. BALS. I think that he did. I think that we discussed it.

Senator TOBEY. What did he say then?

Mr. BALS. We were very much put out about losing a witness, and so far as what happened is concerned, it certainly upset the applecart for us.

Senator TOBEY. That is very obvious.

Mr. BALS. Yes.

Mr. WALSH. Wasn't the police department upset about that?

Mr. BALS. Certainly.

Mr. WALSH. Didn't they make some representations to Mayor O'Dwyer, "That is what comes of it when you don't have policemen working under the superior officers of the police department"?

Mr. BALS. I don't think that came up at that time.

Mr. WALSH. You were a civilian?

Mr. BALS. No; I was not.

Mr. WALSH. You were a lieutenant then?

Mr. BALS. I was acting captain.

Mr. WALSH. You did not take orders from anybody in the police department; did you?

Mr. BALS. None at all at that time; no.

Mr. WALSH. Mr. O'Dwyer never gave you any orders?

Mr. BALS. When I say "orders" I was in charge of that, I knew what I had to do. I do not know of any direct orders.

Mr. WALSH. Well, he was the one who directed that these people be incarcerated in the hotel.

Mr. BALS. That is right, and properly protected.

Mr. LAZARUS. Where was Romeo incarcerated?

Mr. BALS. Romeo?

Mr. LAZARUS. Anthony Romeo, does the name of Anthony Romeo mean anything to you, or Joe Spring, otherwise?

Mr. BALS. I do not remember that name.

Mr. LAZARUS. You were in charge of this investigation?

Mr. BALS. That is right, that is right.

Mr. LAZARUS. Have you any recollection at all about a man by the name of Anthony Romeo?

Mr. BALS. No; I do not recall that name.

Mr. LAZARUS. Don't you know that he was another one of the corroborating witnesses to the killing of Peter Panto?

Do you know whether he had been incarcerated?

Mr. BALS. I do not; no. Not on the Peter Panto case. I know a little about it.

Mr. LAZARUS. This is Anastasia we are talking about.

Mr. BALS. I know that; I know that, and the persons responsible were the Anastasias, Weiss, and some young Italian who lived over in Jersey.

Mr. LAZARUS. You cannot remember the name of Anthony Romeo in connection with this case at all?

Mr. BALS. No; I cannot recall it.

Mr. LAZARUS. That is all.

Mr. HALLEY. When you retired and went to Fort Lauderdale, did you buy a home?

Mr. BALS. Yes, sir.

Mr. HALLEY. What did you pay for it?

Mr. BALS. \$16,000.

Mr. HALLEY. Was there a mortgage on it?

Mr. BALS. There was.

Mr. HALLEY. How much?

Mr. BALS. \$8,500. I will tell you about that transaction. I had a home in Brooklyn. I went down to Florida, and I did not want to put my home on the market until I had a retainer on one there. I put a thousand dollars on that home and then came back and sold my home in Brooklyn. I have the records of that whole transaction. I brought

them up here, and I brought my bank account, and everything else.

Mr. HALLEY. What is your net worth today?

Mr. BALS. My net worth?

Mr. HALLEY. Yes.

Mr. BALS. With the money I owe and everything else, I would say it is less than \$5,000, four or five thousand dollars, and I have received \$5,000 since I got out from Warner Bros.

Senator TOBEY. What was that for?

Mr. BALS. They signed me to a contract. I think it is on this picture, The Enforcer, just to use my name.

Senator TOBEY. It covers the Rele case, does it not?

Mr. BALS. It covers everything. I never gave them any information.

Senator TOBEY. Well, if you cannot give any more information for \$5,000 than you are giving us, you have sold them a gold brick.

Mr. BALS. Well, both Turkus and I got paid off on that one. That is Bert Turkus.

Mr. HALLEY. We have no further questions, but we may want to talk to you again. You want to get back to Florida, I guess?

Mr. BALS. I do. I will tell you why, I will tell you what I have down there, I have a boy in college who took a nervous collapse. We have been fighting that thing 3 years. He is working now and he is all right, but I think that it is dangerous for me to leave him alone with my wife. I have more on my mind than my hat. It is not the best situation.

The CHAIRMAN. I wonder if sometime today or tomorrow, Mr. Lazarus had other matters that he wanted to discuss with Mr. Bals, if you could do it without the committee being here?

Mr. LAZARUS. I will do my best.

Senator TOBEY. I suggest that the gentleman take the afternoon off and go to Central Park and conjure up some of these things and come back and tell you the truth.

The CHAIRMAN. What time are you planning to leave?

Mr. BALS. Well, I have a reservation for Wednesday, that is a week from today. That is the nearest I could get.

The CHAIRMAN. Will you be where members of the staff can get in touch with you?

Mr. BALS. I certainly will. I will be glad to.

Mr. HALLEY. Where can we get in touch with you?

Mr. BALS. If you leave a message at my father's house, he can contact me.

Mr. HALLEY. What is that?

Mr. BALS. If you leave a message at my father's house he can contact me.

Mr. HALLEY. Where is that?

Mr. BALS. He lives at 1816 Albany Avenue, and the telephone number is Esplanade 7-6342.

Mr. HALLEY. You are not staying at any hotel where we can reach you?

Mr. BALS. I have a room at the Bossert, but I have two daughters here and my father here, and I want to see them as much as it is possible, so I certainly will not be sitting in my hotel room.

There is one thing if I may say, and I wish to say this, that if any of these records can be produced, and I can refresh my memory—

The CHAIRMAN. How would it be if this afternoon or tomorrow you see if you cannot go and look at the records?

Mr. BALS. Well, I have no authority to get at the records.

The CHAIRMAN. Aren't these public records?

Mr. BALS. In the police department?

The CHAIRMAN. I mean, you said a few minutes ago about the information, who the officers assigned to these prisoners were, was a public record.

Mr. BALS. I did not mean it that way. I mean they should be in the police department, because all these men were tried.

Mr. HALLEY. Have you also got your own personal financial records?

Mr. BALS. Sir?

Mr. HALLEY. Have you also got your own personal financial records?

Mr. BALS. I have. I have them here.

Mr. HALLEY. Are they here in the room now?

Mr. BALS. Not in the room. I have them outside. I brought them with me.

Mr. HALLEY. Would you produce them and go over them now with Mr. Walsh?

Mr. BALS. I will be glad to.

Mr. HALLEY. We would like to have you do that now.

Mr. BALS. All right.

The CHAIRMAN. All right.

All right, call your next witness, sir.

Mr. HALLEY. We will call Mr. Meyer Lansky.

The CHAIRMAN. Hello, Mr. Lansky, and how are you, Mr. Polakoff?

Mr. POLAKOFF. Glad to see you, sir.

The CHAIRMAN. Will you raise your right hand and be sworn, Mr. Lansky?

Do you solemnly swear the testimony that you give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LANSKY. I do.

FURTHER TESTIMONY OF MEYER LANSKY, NEW YORK, N. Y., ACCOMPANIED BY MOSES POLAKOFF, ATTORNEY, NEW YORK, N. Y.

The CHAIRMAN. Very well, let us go ahead.

We are way behind.

Mr. HALLEY. Yes, sir.

Mr. Lansky, are you at the present time in the jukebox business?

Mr. LANSKY. I am not. I am presently not in business at all. I am not engaged in any business.

Mr. HALLEY. When did you last have any business?

Mr. LANSKY. What kind of business? Jukeboxes?

Mr. HALLEY. Yes.

Mr. LANSKY. The jukebox business.

Mr. HALLEY. Let us confine it first to the jukebox business.

Mr. LANSKY. I do not remember if it was 1946 or 1947, I think it was around that time.

Mr. HALLEY. What was the name of your business?

Mr. LANSKY. The last name, I think, was Emby.

Mr. HALLEY. That was over on Forty-third Street?

Mr. LANSKY. Correct.

Mr. HALLEY. 525 West Forty-third?

Mr. LANSKY. Yes.

Mr. HALLEY. Is that right?

Mr. LANSKY. Yes.

Mr. HALLEY. Is that business still going on, or did you liquidate it?

Mr. LANSKY. I do not remember, I think we sold the stock.

Mr. HALLEY. Who owned the stock with you?

Mr. LANSKY. Well, there was a Mr. Smith interested, and there was a Bill Bye interested in the business.

Mr. HALLEY. Who is Bill Bye?

Mr. LANSKY. I think at one time he was connected with the Wurlitzer Co., prior to his coming with me.

Mr. HALLEY. And M. B. Smith?

Mr. LANSKY. Smith was connected with the Wurlitzer Co. as an agent.

Mr. HALLEY. M. B. Smith, was it not?

Mr. LANSKY. Yes. Bye was connected with the company as a field man.

Mr. POLAKOFF. If it means anything to you, Mr. Halley, Emby is Ed Myer and Bill Bye, and that is how we picked the name of Emby.

Mr. HALLEY. I see. How long were you in that business?

Mr. LANSKY. I think about 4 years.

Until the banks canceled out my credit on account of the publicity.

Mr. HALLEY. And when did that happen?

Mr. LANSKY. June about the time I had to sell out; that was my reason.

Mr. HALLEY. What year was that?

Mr. LANSKY. I cannot tell you honestly, it was around 1946, the beginning of 1947, or somewhere in there.

Mr. POLAKOFF. I can furnish that information to you, if you want it, because I was the attorney for the company.

Mr. HALLEY. When were you with the Riverside Music Co.?

Mr. LANSKY. The Riverside Music Co.?

Mr. HALLEY. Yes.

Mr. LANSKY. Gee, I could not tell you that.

Mr. HALLEY. That was also a jukebox business?

Mr. LANSKY. I do not know, I can't tell you if I was in it.

The Emby Co. during the war, we did not do any manufacturing, because Wurlitzer was involved in war work. So would buy up, to make business, you know, we would buy routes and sell them and take in the machines and rebuild them, and things like that. If there was a Riverside Music Co. amongst it, I could not furnish you any information about it.

Mr. HALLEY. What was your relationship to the Wurlitzer Co.? Can you give the committee a picture of it?

Mr. LANSKY. Oh, I had a——

Mr. POLAKOFF. An agency.

Mr. LANSKY. I had an agency.

Mr. HALLEY. For the Wurlitzer Co.?

Mr. LANSKY. Yes.

Mr. HALLEY. Where did you have it?

Mr. LANSKY. In New York, I had part of New Jersey, I had part of Connecticut. You see, they cut out, just like an automobile agency.

Mr. HALLEY. Were you selling or renting jukeboxes?

Mr. LANSKY. Selling.

Mr. HALLEY. You sell them?

Mr. LANSKY. Yes.

The CHAIRMAN. That was Emby, not you?

Mr. LANSKY. Yes.

Mr. HALLEY. And Riverside Music was another company?

Mr. LANSKY. Well, we would buy a route, maybe someone's route, something like that, then build it up and try to sell it, you see.

Mr. HALLEY. Was Zwillman ever in the jukebox business with you?

Mr. LANSKY. No; never with me.

Mr. HALLEY. Was Michael Lascari ever in the jukebox business with you?

Mr. LANSKY. Nobody was ever in the jukebox business with me.

Mr. POLAKOFF. Just a moment. Except Bye and Smith?

Mr. LANSKY. That is right.

Mr. POLAKOFF. No other stockholders. I can vouch for it.

Mr. LANSKY. There was one by the name of Goldberg, and he died.

Mr. POLAKOFF. That is right.

Mr. HALLEY. Were you ever in any business with Zwillman?

Were you in this television outfit, Consolidated Television?

Mr. LANSKY. Was I?

Mr. HALLEY. Yes.

Mr. LANSKY. Yes; I was.

Mr. HALLEY. Will you tell the committee the story of Consolidated Television, what was that all about?

Mr. LANSKY. Well, to the best of my knowledge, because we had the knowledge of distribution of juke boxes, I think Ed Smith was approached to form a—what do you call it—he claimed he had two good mechanics for television, and they formed a company, and we took an interest in it.

Mr. POLAKOFF. You bought stock?

Mr. LANSKY. Yes; we bought stock.

The CHAIRMAN. I think for the benefit of the reporter this is very difficult for him to get. Please speak up.

Mr. POLAKOFF. Is it too low for you?

Mr. LANSKY. Am I speaking too low?

The CHAIRMAN. Well, everybody is speaking too low.

Mr. LANSKY. I am sorry. We started to build television sets and I think that we went in at the wrong end of it. We thought that the commercial end was the best part. We should have gone into the home-set end, and maybe I would have been a very rich man today.

Mr. HALLEY. What were you making them for, bars and restaurants?

Mr. LANSKY. At that time they were mostly for bars. You did not have—what do you call it—those reel cabinets, you just bought the set.

Mr. HALLEY. Who was this that approached Ed Smith?

Mr. LANSKY. Pokrass.

Mr. HALLEY. Pokrass had the Air King Co., too, did he not?

Mr. POLAKOFF. The Tele-King, is it not?

Mr. HALLEY. Tele-King?

Mr. LANSKY. I do not know if he changed the name, but I think that we opened it up as Tele-King. What it is today I could not say.

Mr. HALLEY. That was with Pokrass, too?

Mr. LANSKY. He approached them on the assumption that we were acquainted in the field and we knew all the distribution points. We knew every place that had a juke box, and that would be a good place to have television.

Mr. HALLEY. Now, Pokrass—what was that first, Tele-King or this Consolidated Television?

Mr. LANSKY. I think it was Consolidated.

Mr. HALLEY. Consolidated was there first?

Mr. LANSKY. I am pretty sure it was Consolidated.

Mr. HALLEY. Who started the Tele-King?

Mr. LANSKY. He may have started that himself; after we could not go any further we did not want to take the risk.

Mr. POLAKOFF. You lost money on it. Tell them about it.

Mr. HALLEY. And Rutkin who testified yesterday said he had gone into Tele-King with Pokrass?

Mr. LANSKY. Well, if he did, it was unbeknownst to me. I knew nothing about it.

Mr. HALLEY. You knew nothing about it?

Mr. LANSKY. There was not Rutkin in there.

Mr. HALLEY. Rutkin was not in the Consolidated?

Mr. LANSKY. No.

Mr. HALLEY. But he was in Tele-King?

Mr. LANSKY. This is the first time I ever heard of it. I want you to believe me; this is the first time I ever heard it.

Mr. HALLEY. To be frank with you, when he mentioned Pokrass yesterday, it hit a note, and you mentioned the name today and I put the two together.

Mr. LANSKY. I did not know Pokrass until Consolidated, either.

Mr. HALLEY. I am trying to get the story. Now, when you first went into Consolidated, or anyone else connected with you, was there anyone else that was connected with you then making television sets?

Mr. LANSKY. No.

Mr. HALLEY. Whose idea was it to go into the television field?

Mr. LANSKY. The way I knew it, it was Pokrass with some engineers, and he went to Ed Smith then, thinking that would be a good outlet on the market because we knew all the places where jukeboxes were.

Mr. HALLEY. Well, you had known Pokrass previously, had you not?

Mr. LANSKY. Just casually.

Mr. HALLEY. He had been in the liquor business during prohibition, I understand?

Mr. LANSKY. I do not know anything about that. I mean, I never knew him.

Mr. HALLEY. Were you in the liquor business at that time?

Mr. LANSKY. Yes.

Mr. HALLEY. You were?

Mr. LANSKY. Must we go into that, too?

Mr. HALLEY. I just wanted to know whether you were. I think we might qualify you as an expert on the subject, and I wanted to

ask you whether you knew of Pokrass in the liquor business during prohibition.

Mr. LANSKY. No, I did not; not during prohibition.

Mr. HALLEY. At that time you were not operating in Jersey, were you?

Mr. LANSKY. I was not operating particularly anywhere.

Mr. HALLEY. Now, getting back to television, who else was in Consolidated?

Mr. LANSKY. There was Pokrass, there was Ed, there was Bill Bye, there was myself, and there was Costello in there. He bought a piece, but he did not buy it from my doings.

Mr. POLAKOFF. When you say that, you mean he bought stock?

The CHAIRMAN. Let's all talk a little louder. I can tell that the reporter just cannot hear you.

Mr. HALLEY. Costello was in it?

Mr. LANSKY. Yes; he bought stock.

Mr. HALLEY. And Joe Adonis was in it, was he not?

Mr. LANSKY. He bought some stock.

Mr. HALLEY. How much money did you invest in it?

Mr. LANSKY. I think about \$15,000 or \$16,000.

Mr. HALLEY. Did you get any back?

Mr. LANSKY. Nothing.

Mr. HALLEY. The whole thing was a flop?

Mr. LANSKY. That part of it was, but I understand it is successful now.

Mr. HALLEY. You mean Tele-King is now successful?

Mr. LANSKY. That is what I understand.

Mr. HALLEY. And you no longer have any connection with it?

Mr. LANSKY. No.

Mr. HALLEY. Do you know whether Adonis or Costello have any present connection with it?

Mr. LANSKY. No; the whole company busted up, and he went ahead with it on his own, as I understand it, at the time, because nobody else cared to invest any money in it, and Bill Bye and Smith and I, we did not want to go any further, and we quit.

Mr. HALLEY. You mentioned some time back you had some unfavorable publicity that forced you out of the jukebox business.

Mr. LANSKY. Yes.

Mr. HALLEY. Was that in connection with your visit to Luciano when he left the country?

Mr. LANSKY. (Shaking his head negatively.)

Mr. POLAKOFF. Answer out loud. You shake your head and he can't get it.

Mr. LANSKY. No; I don't think—it was before that.

Mr. HALLEY. He left the country in 1946, did he not, Mr. Polakoff?

Mr. POLAKOFF. Yes.

Mr. HALLEY. Wasn't that in 1946?

Mr. LANSKY. I don't think I got too much publicity about that.

Mr. POLAKOFF. Just what happened, I happened to be the attorney for the company, so I know. Under the arrangement we sold the Emby or the Manhattan Simplex, which was a prior name. This was by what is known as trust certificates. They had to take the machines in, and then the bank or trust would pay the Wurlitzer the

money. Although it was a corporation, the individuals had to endorse the trust certificates, and Mr. Lansky was one of the individuals who endorsed them, and then one day we got an order that the bankers—I do not know who the bankers were——

Mr. LANSKY. Well, the Wurlitzer Co. first came to me, and they told me they were satisfied with me——

Mr. POLAKOFF. Your integrity?

Mr. LANSKY. Satisfied with my integrity, that the banks was not; that they did not want—they said that I was a bad risk for them, and that is why I had to sell out.

Mr. LANSKY. That was after working for a couple of years, and waiting for machines to come out, and I was forced out.

Mr. HALLEY. Where did you go, to the Luciano home?

Mr. LANSKY. I didn't go to see Luciano.

Mr. POLAKOFF. You missed the question.

Mr. HALLEY. When he left the country, when he was deported, what was the purpose of your visit to him?

Mr. LANSKY. No particular purpose.

Mr. HALLEY. A considerable amount of trouble was involved in getting down to the boat to see him, was there not?

Mr. LANSKY. When I saw him, I didn't go to the boat.

Mr. HALLEY. Where did you go to see him?

Mr. LANSKY. Ellis Island.

Mr. HALLEY. How long before he was deported did you go to Ellis Island?

Mr. LANSKY. I don't remember.

Mr. POLAKOFF. Mr. Halley, I can give you a very clear picture of that, because I was present at the visit.

Mr. HALLEY. Would you just——

Mr. LANSKY. Pardon me, Counselor; I will answer you that.

I went to see Luciano while he was in jail, and the district attorney's office asked me to go there. Now, don't you think I should have gone down to say good-by to him?

The CHAIRMAN. What did they ask you to go for?

Mr. POLAKOFF. Senator, there has been a lot of mystery and talk——

The CHAIRMAN. Why don't you clarify that?

Mr. POLAKOFF. I will be very happy to.

The CHAIRMAN. All right.

Mr. POLAKOFF. In 1942——

The CHAIRMAN. Don't give us too long a story.

Mr. POLAKOFF. No; I will make it very brief, but it will show you there is no mystery about this.

In 1942 I was sent for by the district attorney's office of New York County, who wanted for Naval Intelligence certain help that Luciano could possibly give. And they asked me if I would be the intermediary.

I volunteered to be that intermediary, with one condition. I told them that I did not know Luciano well; I didn't know how to go about it; that I would have to take one person with me whom I had great confidence in, who wouldn't do anything wrong, or cross us—meaning the district attorney and me—and if they would agree to that proviso, I would undertake to do the work.

Now, the gentleman I picked, who wanted to remain anonymous, met with Naval Intelligence and the district attorney's office and me.

And the very next day Luciano was removed from Dannemora, which was too far out of the way for us to go to, and transferred to Comstock, which was much more convenient.

During the course of the years, about 15 or 20 visits were made to him. And that gentleman always accompanied me.

Mr. LANSKY. Through the windshield, too; pardon me.

Mr. POLAKOFF. I tried to get out of going each time. But Commissioner Lyons insisted that I be present, because he felt that would be an insurance against any possible violation of prison rules.

After Luciano was paroled, to be deported, and there was no other condition attached to it but that he be deported—he was sent to Ellis Island, and at that time we had missed him in prison, and I arranged for a visit at Ellis Island to see him off and say good-by to him for Mr. Lansky and one other person. The other person is Mike Lascari; you might as well know the facts.

Those are the only two people that I arranged the visit for. And again I had to go as an insurance that there would be no violation of the rules. They signed their names; they were examined and searched, and the visit was in the presence of several customs men or officials of Ellis Island.

That is all there is to that story.

Mr. HALLEY. What conversation was there, Mr. Lansky, between you and Mr. Luciano?

Mr. LANSKY. Compensation?

Mr. HALLEY. Conversation.

Mr. LANSKY. I couldn't recall, but it was nothing of any secret conversation.

You mean, when I went to the prisons?

The CHAIRMAN. No, when you went to Ellis Island.

Mr. LANSKY. Just to say good-by.

Mr. HALLEY. Why did Lascari go; was he a friend of Luciano?

Mr. LANSKY. Yes, he was a friend of the family, I think.

Mr. POLAKOFF. And Lascari also visited in prison with him.

Mr. HALLEY. Visited what?

Mr. POLAKOFF. In prison with him.

Mr. HALLEY. Mr. Polakoff, who was in Naval Intelligence that requested the aid?

Mr. POLAKOFF. Murray Gurfein. I met with him and Frank Hogan. Then, the next day, Murray Gurfein introduced us to a man we met for the first time. At that time Mr. Lansky was present, and so was Commander Haffenden.

Now, this procedure, or this event took place not at Luciano's request, not at anybody's request except people connected with the Government. He agreed to go through with it. If he didn't, he would have been a bad so-and-so. Because he did, he is also a bad so-and-so.

Now, I don't know what happened, or what good he accomplished. But I do know that in 194—one of the years after the war, and after Mr. Justice McCook retired, an application was made before Mr. Justice McCook to reduce his sentence, that is, to parole him on the subsequent consecutive sentences. He got 10 to 20, 10 to 15, and 10 to 15 consecutively. And the court still had jurisdiction to commute, or to let him on the consecutive sentences.

At that time Mr. Justice McCook, who had no use whatsoever for defendant, Luciano, held a private hearing, and in his official opinion

filed in the court records, he states that he heard witnesses in private, and that there was evidence before him that the defendant, Luciano, tried to be of some service, with some possible success.

So there is no question about it.

Mr. HALLEY. Did either you—did you, let's say, get any information from Luciano, or did he convey it directly to the Navy authority?

Mr. POLAKOFF. Mr. Halley, this whole thing was supposed to be off the record, and sub rosa. The theory behind it was that the Government had the Germans pretty well spotted, but they were afraid that if any sabotage might be done, it would be done through Italians, who weren't well spotted. And this was supposed to be off the record, and they were only supposed to be given leads.

Now, what success those leads led to, I don't know. We all know that informers are never given credit for the results; and we all know—as your committee probably does—it protects the sources of information, and doesn't disclose them.

Now, this thing was supposed to be all off the record. But in view of all the conjecture and guesses and surmises that had been made about it, I have now for the first time told anybody the facts in the case. And Mr. Lansky was the person that I picked.

Mr. HALLEY. The original approach came from Murray Gurfein?

Mr. POLAKOFF. From Murray Gurfein.

Mr. HALLEY. And he took you immediately to this man Haffenden?

Mr. POLAKOFF. No. We went to the district attorney's office, Murray and I, and he told me what he wanted. And he wanted to know if I would act as an intermediary, and I told him I would be happy to.

I had served in the First World War. But that I was not familiar with these people and I would have to take one person with me in whom I had confidence.

The CHAIRMAN. That is Mr. Lansky?

Mr. POLAKOFF. That is correct, sir.

Mr. HALLEY. weren't you with Luciano when he went aboard the boat on which he was deported, Mr. Lansky?

MR. LANSKY. No.

Mr. HALLEY. Did you accompany him to the boat?

Mr. LANSKY. No.

Mr. HALLEY. And you never were on it?

Mr. LANSKY. Never.

Mr. HALLEY. I refer to the steamship *Laura Keane*, the boat on which Luciano was deported.

Mr. LANSKY. No.

Mr. HALLEY. You did not go to the boat?

Mr. LANSKY. I wasn't in New York at the time, I don't think. I am pretty sure I wasn't.

Mr. HALLEY. Did you see Luciano when you were in Italy?

Mr. LANSKY. I wouldn't have seen him if it wasn't for the press, Mr. Halley. I am going to answer that question.

MR. HALLEY. You did see him?

Mr. LANSKY. I did see him. It was all the fault of the

Mr. HALLEY. What do you mean when you say it was ^g, or ^c fault of the press?

Mr. LANSKY. Because he called me when I was about ready to leave Rome. As far as I knew, he was in jail. And I said, "How the hell did you know where I am staying?"

He says, "Well, I got it from the paper, and I traced you through Naples, Hotel Excelsior." Because I had my itinerary made up with Cook's Tours.

I wouldn't have gone, because they had me routed on the *Queen Mary*, and then they said they couldn't get me on that boat, and they put me on this *Italia*. From then on, I got buckwheats. I had some trip.

Mr. HALLEY. You mean, it was purely an accident that you were routed through Italy?

Mr. LANSKY. On my part.

Mr. HALLEY. It was the initiative of Cook's Tours?

Mr. LANSKY. Yes. You see, when I tried to get reservations, they said they would get me out on the *Queen Mary*, I think, on July something, the first week in July. Then they called me up and they said they were very sorry, they couldn't fulfill that contract, but they have a new boat that is going to make a Mediterranean cruise, and that I better take it, because I won't get anything else, unless I want to go in August.

Well, I couldn't go because my kid was going to camp, and I just wanted to spend the time that she would be away in camp.

Mr. HALLEY. How long did you visit with Luciano?

Mr. LANSKY. Just that dinner with him, and period.

Mr. HALLEY. Where did you see him?

Mr. LANSKY. In Rome. Whatever the restaurant is, I don't know I can't tell you that.

Mr. HALLEY. You mean, at a restaurant in Rome?

Mr. LANSKY. Yes.

Mr. HALLEY. He did not come to your hotel?

Mr. LANSKY. Yes. He called me in that hotel, and he came up to see me, and he says, "Do you want to have dinner with me?"

He invited me to dinner, and I said, "O. K." I couldn't very well refuse him.

Mr. HALLEY. And was there any discussion about any matters in the United States?

Mr. LANSKY. No. Just he told me how he was being crucified, and what happened to him. And I told him, I says, "You have nothing to kick about; look at the way I am being crucified."

Mr. HALLEY. Did you see him when he was in Habana?

Mr. LANSKY. I don't recall. I was over in Habana. I may have seen him there. I don't recall, though.

Mr. HALLEY. It wasn't so long ago. Will you think a minute, because you should be able to remember one way or the other.

The CHAIRMAN. What was that, 1948, 1949?

Mr. POLAKOFF. No; it was earlier than that. It was 1945 or 1946.

Mr. HALLEY. I think it was a few years ago.

Mr. LANSKY. I guess I have seen him there. I don't remember how long I saw him there.

Mr. HALLEY. When you went to Habana, with whom did you go on the occasion when you saw Luciano?

Mr. LANSKY. I don't remember now.

Mr. HALLEY. Perhaps I should ask you, how many times did you see Luciano when he was in Habana?

Mr. LANSKY. I couldn't tell you.

Mr. HALLEY. More than once?

Mr. LANSKY. If I saw him, I couldn't have seen him more than twice because, as a rule, I go over to Habana every year.

Mr. HALLEY. How often did you go to Habana during the year that Luciano was there?

Mr. LANSKY. I couldn't have gone too often, because I can't go away that much.

Mr. HALLEY. That winter you were in Florida, I presume?

Mr. LANSKY. I guess so.

Mr. HALLEY. You had certain interests in Broward County; is that right?

(No response.)

Mr. HALLEY. In any event, you were in business in Florida; let's put it that way?

Mr. LANSKY. Yes.

Mr. HALLEY. What would you do, fly over to Habana from time to time?

Mr. LANSKY. Just a minute, Mr. Halley. I may have flown over to Habana for business, too.

Mr. HALLEY. I understand that.

Mr. LANSKY. I was in business a long time ago.

Mr. HALLEY. In Habana?

Mr. LANSKY. Yes.

Mr. HALLEY. When were you in business in Habana?

Mr. LANSKY. In the late years of 1937.

Mr. HALLEY. What business did you have there?

Mr. LANSKY. I had the race track, and a casino, Nationale.

Mr. HALLEY. What interest did you have, first, in the race track?

Mr. LANSKY. What do you mean, first in the race track?

Mr. HALLEY. Well, I am taking them one, two. First, what interest did you have in the race track?

Mr. LANSKY. Operation.

Mr. HALLEY. Did you own it?

Mr. LANSKY. No, we leased it from the National City Bank.

Mr. HALLEY. Who is "we"?

Mr. LANSKY. The partnership.

Mr. HALLEY. Who were your partners?

Mr. LANSKY. There was a man by the name of Al Levy.

Mr. HALLEY. Who else?

Mr. LANSKY. Then Martin was interested.

Mr. HALLEY. Who else?

Mr. LANSKY. I don't know who else.

Mr. HALLEY. Frank Costello a trustee?

Mr. LANSKY. No, no.

Mr. HALLEY. Longy Zwillman?

Mr. LANSKY. No.

Mr. HALLEY. After the race track——

The CHAIRMAN. Let's see if he can think who else was interested. Was somebody by the name of Pfeiffer?

The WITNESS. No; that was before my time. They were a couple of years ahead of me. They were the tail end of prohibition.

Mr. HALLEY. Was Al Levy connected with Erickson?

Mr. LANSKY. Not that I know of.

Mr. HALLEY. Did Erickson have any interest in the track?

Mr. LANSKY. I don't remember now whether he did or he didn't.

Mr. HALLEY. He might have?

Mr. LANSKY. I couldn't answer that. I don't know what his connections were. He went down a couple of times, but I didn't know if he had any connection. I don't remember all that.

Mr. HALLEY. Was Abe Allenberg interested in any way in the track?

Mr. LANSKY. No; not as a stockholder that I would know.

Mr. HALLEY. Or in any other way?

Mr. LANSKY. I wouldn't know.

Mr. HALLEY. What interest did you have in the Nationale Casino?

Mr. LANSKY. Same way; operation of the casino.

Mr. HALLEY. Who was interested in that with you?

Mr. LANSKY. Just the same people that I tell you.

Mr. HALLEY. The identical people, or were there any other people who were in the casino?

Mr. LANSKY. What do you mean, the identical people?

Mr. POLAKOFF. The same people.

Mr. LANSKY. Yes. The same people that were in the race track; that was one operation.

Mr. HALLEY. One operation for both?

Mr. LANSKY. Yes.

Mr. HALLEY. Did you operate the entire casino, or were there any other interests in the casino?

Mr. LANSKY. Outside of the restaurant; we rented out.

Mr. HALLEY. You operated all of the gambling; is that right?

(No response.)

Mr. HALLEY. It is legal in Cuba?

Mr. LANSKY. Sure, it is legal; yes. But the reason we didn't operate the restaurant—I didn't need anyone else to operate it, Mr. Halley—was just to be able to get along with the Cuban people, you see. One does a different kind of cooking for them, and not to run into any friction with labor.

I didn't need anybody else to operate the restaurant, Mr. Halley.

Mr. HALLEY. Did you ever have an interest in the President Hotel in Cuba? El Presidente, I think they call it.

Mr. LANSKY. No, no. That hotel is deteriorated.

Mr. HALLEY. Well, before it deteriorated?

Mr. LANSKY. No.

Mr. HALLEY. Do you know whether Costello did?

Mr. LANSKY. Not that I know of.

Mr. HALLEY. You don't know?

Mr. LANSKY. No.

Mr. HALLEY. In any event, that was some years before the period we are talking about in connection with Luciano. During the period Luciano was there, it would be your position that you did get over to Cuba and see him at least twice; is that right?

Mr. LANSKY. I didn't get over just to see him. I may have gone over on business.

Mr. HALLEY. Why did you go to Cuba?

Mr. LANSKY. Well, just as I tell you. At that time I was very much interested to try to get the Montmartre Club.

The CHAIRMAN. Did you have the race track and the casino at the time Luciano was there?

Mr. LANSKY. No, no; we stopped when the war broke out. You see, because after that, there weren't any boats on the sea. And at that time you didn't have enough planes, and you couldn't live from the planes coming from Miami. You can't live from Cuban people themselves.

The CHAIRMAN. May I ask, were these big operations, the race track and the casino at the Nationale Hotel—the Nationale Casino?

Mr. LANSKY. Big operations?

The CHAIRMAN. Yes.

Mr. LANSKY. Well, we took it when it was pretty well run down.

The CHAIRMAN. But was it a million-dollar operation?

Mr. LANSKY. No, nothing like that, Senator. A leased proposition, and we tried to develop it. Unfortunately, the war broke out.

Mr. HALLEY. Aside from the amount of money involved, the Nationale Casino, it was a tremendous and beautiful place in Cuba?

Mr. LANSKY. Oh, sure; it was.

Mr. HALLEY. It has probably more floor space for gambling than any other place in the hemisphere; doesn't it?

Mr. LANSKY. Well, I guess it does.

Mr. HALLEY. And it is a gorgeous, beautiful big building?

Mr. LANSKY. Oh, sure it was.

Mr. HALLEY. With a tremendous, absolutely beautiful restaurant?

Mr. LANSKY. That's right.

Mr. HALLEY. And another place for dancing?

Mr. LANSKY. Yes.

Mr. HALLEY. It is quite a lay-out, in other words?

Mr. LANSKY. It is.

Mr. HALLEY. And the track is a good-sized race track?

Mr. LANSKY. Yes, the track was a good-sized race track. I think it had one of the most beautiful clubhouses in the country.

Mr. HALLEY. What did you talk to Luciano about when you saw him in Cuba?

Mr. LANSKY. Mr. Halley, I couldn't even recall what I talked about. I know it was nothing of importance.

Mr. POLAKOFF. Purely social.

Mr. LANSKY. Purely social. What else could I talk to him about?

Mr. HALLEY. Did it have anything to do with any business matters whatsoever?

Mr. LANSKY. No, no.

Mr. HALLEY. Whether legal or illegal?

Mr. LANSKY. No business, illegal or legal, with him.

Mr. HALLEY. First, do you know of—

Mr. LANSKY. I was purely looking for legal business in Cuba.

Mr. HALLEY. I am also referring to legal or illegal business in the United States.

Mr. LANSKY. I had no business with him here.

Mr. HALLEY. You didn't talk any business with him whatsoever?

Mr. LANSKY. Never.

Mr. HALLEY. What did you do when you saw Luciano in Habana?

Mr. LANSKY. Gee, I can't recall. I don't know.

Mr. HALLEY. Did you have dinner with him?

Mr. LANSKY. I may have eaten with him. That's about all.

Mr. HALLEY. Well, try to remember. I should think there would be a picture in your mind of what happened.

Mr. LANSKY. I don't think anything startling happened that I would have a picture in my mind, outside of maybe having dinner, or just purely social.

Mr. HALLEY. I know that going to Habana is not a too unusual affair to you. But it seems to me that when I went to Habana in those years, although I didn't see "Lucky" Luciano, I could give you a pretty vivid description of everything I did, or whether I have gone to any other place, going back 5 or 10 years.

Mr. LANSKY. I spent 4 years in Habana, and about 6 months a year. I mean, to me Habana used to become very tiring.

Mr. HALLEY. But, not by 1945 or 1946—well, it was after that. It must have been around 1947 or 1948. Luciano just was deported in 1946. And then he was in Italy for awhile.

Mr. LANSKY. I was in Habana right after the war, Mr. Halley; before there was ever Luciano there. I am speaking right after the war.

Mr. HALLEY. We are talking about Luciano.

Mr. LANSKY. I know.

Mr. HALLEY. So let's not get off the track.

Look, Mr. Lansky, Luciano was deported in 1946. He was in Italy at least a year before he got out into Habana.

Mr. LANSKY. That is right.

Mr. HALLEY. Which makes it 1947 or 1948. And you should be able to remember what you did in Cuba in those years when you saw "Lucky" Luciano.

Mr. LANSKY. Well, I know I didn't do anything outside of going to the hotel, and I may have gone to the race track.

Mr. HALLEY. What hotel did you stay in, in those days; the Nationale?

Mr. LANSKY. The Nationale.

Mr. HALLEY. Did Luciano have a home in Cuba?

Mr. LANSKY. I think he had an apartment; I don't know.

Mr. HALLEY. Were you ever there?

Mr. LANSKY. I don't know if I went over there or not. I can't answer you.

Mr. HALLEY. You just can't say. That's absurd. You must know whether—

Mr. LANSKY. Mr. Halley, I didn't attach that much importance to it, to analyze it that way. I mean, I don't know if he showed me his home, or I drove by it, or most likely he came over to the hotel to visit me. I don't know if he did or not. I went to the race track, I guess, or to a casino.

Mr. HALLEY. You, in any event, didn't talk any business?

Mr. POLAKOFF. Did you have any business with him, or talk any business with him, anything illegal or legal?

Mr. LANSKY. No; no business whatsoever.

Mr. POLAKOFF. You have that on record.

Mr. HALLEY. But it would be possible to attach more credibility to your answers if your memory were better on obvious matters about what you must have a recollection, in my opinion.

Mr. POLAKOFF. I don't want to argue with you, Mr. Halley, but you might not know who you had lunch with in Habana when you were there either, and you only went there once.

Mr. LANSKY. I know a lot of people in Habana, Mr. Halley. When I go there, I know a lot of people. I spend a lot of time there. And we used to have a lot of people come to our place. It seats about 600 people, you know.

Mr. HALLEY. What place is that?

Mr. LANSKY. The casino.

Mr. HALLEY. No; we are now back in 1947—

Mr. LANSKY. And at the race track, at times.

Mr. HALLEY. You are talking about a period 10 years earlier, now. I am talking about 1947 or 1948, when Luciano was in Cuba.

Mr. LANSKY. Yes; I understand you. But I am trying to tell you that I knew so many more people. I would have been over in Habana this year if it wasn't—I didn't know when I would be called by this committee.

Mr. HALLEY. Did you know a George Goldstein, the accountant?

Mr. LANSKY. Yes.

Mr. HALLEY. How long have you known him?

Mr. LANSKY. Maybe a period of about 10 years, I think.

Mr. HALLEY. How did you first meet him?

Mr. LANSKY. I think I met him around Lido Beach, if I am not mistaken; along the shore somewheres.

Mr. HALLEY. Did you first introduce Goldstein to Longy Zwillman?

Mr. LANSKY. No.

Mr. HALLEY. Or to Anthony Guarini?

Mr. LANSKY. No.

Mr. HALLEY. Or to Salvatore Moretti?

Mr. LANSKY. No.

Mr. HALLEY. Or to Joe Adonis?

Mr. LANSKY. No, not that I know of.

Mr. HALLEY. Goldstein operated, for your information, if you don't know it, as an accountant for certain gambling enterprises in New Jersey, and the partners in that enterprise, the first enterprise, were Guarini, Rutkin, Solly Moretti, Jerry Catena, and Joe Adonis.

First, do you know all of those five people?

Mr. LANSKY. I do.

Mr. HALLEY. Now, did you introduce Goldstein to any of them?

Mr. LANSKY. Not that I can remember.

Mr. HALLEY. Goldstein has represented you; is that right?

Mr. LANSKY. Correct.

Mr. HALLEY. In what connection?

Mr. LANSKY. He filed my returns.

Mr. HALLEY. What else has he done for you?

Mr. LANSKY. All he did was prepare my returns.

Mr. HALLEY. Did he represent you in connection with the Beverly Club?

Mr. LANSKY. I decline to answer that, Mr. Halley.

Mr. HALLEY. The testimony is already before this committee from Mr. Costello that you had been in the Beverly Club; and also from Mr. Goldstein, that he represented you there.

Under those circumstances, do you still desire to plead your privilege?

The CHAIRMAN. We have all the records of the Beverly Club.

Mr. POLAKOFF. As long as you have them, Mr. Halley, what I don't understand, if you have that information, why force a man, or try to compel him to answer a question which, in his mind, may lead to something that may incriminate him? If you have it, so much the better.

Mr. HALLEY. I haven't tried to compel him. I said that, under those circumstances, if he didn't want to talk about it——

Mr. LANSKY. I said that he was my accountant.

Mr. POLAKOFF. So that you may know his position, Mr. Lansky will answer any question that doesn't incriminate him. He will not answer any question about his business or source of income, because that may incriminate him. Other than that——

Mr. HALLEY. He has referred to having participated in certain businesses, and I will refrain from asking him about the amount of income.

Mr. POLAKOFF. Isn't that the first step in proving that he had an interest in the business, to prove that he may have committed a crime?

Mr. HALLEY. He has talked freely about his interest in certain juke-box operations.

Mr. POLAKOFF. That was perfectly all right in our opinion. In other words, we are now trying to meet you.

The CHAIRMAN. Let's——

Mr. POLAKOFF. You once said in some other hearing that when a man waives his right; he is not waiving any right. He has answered those questions which don't incriminate him. If you are going into that field that may incriminate him, he is not going to answer it.

You may have the information yourself. You undoubtedly have his income-tax returns, which show some of these things. But he doesn't have to admit it to you.

Mr. HALLEY. I simply asked the question. We weren't trying to order him.

Mr. LANSKY. No; I decline to answer it, Mr. Halley, on the ground it may incriminate me.

Mr. HALLEY. How long have you known Lascari?

Mr. LANSKY. For many years.

Mr. HALLEY. Have you ever had any business relationships with him, of any kind?

Mr. LANSKY. Never had any.

Mr. HALLEY. Did you ever send any money directly or indirectly to Lucky Luciano since he left the United States?

Mr. LANSKY. No; I didn't.

Mr. HALLEY. Do you have any knowledge of any money, or assets of any kind, that were given or sent to "Lucky" Luciano since he left the United States?

Mr. LANSKY. Not that I know of.

Mr. HALLEY. Do you know whether anybody in this country does send money, or any other valuable assets, to Luciano?

Mr. LANSKY. I wouldn't know that, Mr. Halley.

Mr. HALLEY. You have no knowledge of that whatsoever?

Mr. LANSKY. I have no knowledge of it.

Mr. POLAKOFF. Did you ever send him any?

Mr. LANSKY. No.

Mr. HALLEY. He has testified that he did not.

Mr. Lansky, during the last 4 years what has been your business?

Mr. LANSKY. I decline to answer on the ground it may incriminate me.

Mr. HALLEY. Do you have any business at the present time?

Mr. LANSKY. No. I am not in business at the present time.

Mr. HALLEY. When did you last have any business?

Mr. LANSKY. I don't know; 6 or 9 months.

Mr. HALLEY. And what business did you last have?

Mr. LANSKY. I decline to answer on the ground it may incriminate me.

Mr. HALLEY. What is the last legitimate business you had, the jukebox business?

The CHAIRMAN. Let's speak up, now; get the answers in here.

Mr. LANSKY. I decline to answer on the ground it may incriminate me.

The CHAIRMAN. I think I will have to order you to answer that question, Mr. Lansky.

Mr. POLAKOFF. What is the question then?

The CHAIRMAN. Let's read the question.

(The reporter read the previous question, as follows:)

What is the last legitimate business you had, the jukebox business?

Mr. LANSKY. The M. B. Distributing Co.

Mr. HALLEY. And that is the jukebox business?

(Mr. Lansky nods head in affirmative.)

Mr. HALLEY. Wasn't the television business more recent?

Mr. LANSKY. I wasn't active in it. I am telling you the business that I was active in. I wasn't active. I just owned some stock.

Mr. HALLEY. Do you have at this time any stock holdings or other business interests in which you are not active?

Mr. LANSKY. In business?

Mr. HALLEY. In any kind of business?

Mr. LANSKY. No.

Mr. HALLEY. You don't have any stock or financial interest in any business, or financial enterprises?

Mr. POLAKOFF. You are asking, has he got any business? Do you mean if he owns 100 shares of General Motors?

Mr. HALLEY. Yes.

Mr. LANSKY. I decline to answer that.

Mr. HALLEY. Do you own stocks in various companies; let's put it that way?

Mr. LANSKY. I decline to answer on the ground it may incriminate me.

Mr. POLAKOFF. That is one of the methods the Government works, is that net worth statement, Mr. Halley.

Mr. HALLEY. I don't want that. However, he has declined to answer, and he will stand on that.

Now, in connection with the television company, you own stock; is that right?

Mr. LANSKY. I did own.

Mr. HALLEY. You did?

Mr. LANSKY. I don't own it any more.

Mr. HALLEY. Did you own a substantial interest in the company?

Mr. LANSKY. No. I don't—I don't know what it amounts to. I

don't think it was more than 10 percent at the time, or 9 percent, or something like that.

Mr. HALLEY. Are there any companies in which, since then, since the television enterprise, in which you have owned more than, say, 5 percent of the company?

Mr. LANSKY. I decline to answer that.

Mr. HALLEY. Isn't that a fact—let me ask the question this way—are there any legitimate businesses in which, since the television company, you have owned more than 5 percent?

Mr. LANSKY. No.

Mr. HALLEY. I am learning how to play this game with you.

Mr. POLAKOFF. He did own——

Mr. LANSKY. A piece of real estate, I owned.

Mr. POLAKOFF. He had a 25-percent interest in a piece of real estate.

Mr. HALLEY. Where was the real estate?

Mr. POLAKOFF. Seventy-third and Madison Avenue. He had no active part.

Mr. HALLEY. When was that sold?

Mr. POLAKOFF. Last June.

Mr. HALLEY. Have you been active in the real estate business?

Mr. LANSKY. No; not now.

Mr. HALLEY. Were you ever?

Mr. LANSKY. No. But I am going to look to get.

Mr. HALLEY. You didn't take any active part in the management of this real estate?

Mr. LANSKY. No.

Mr. HALLEY. How long did you hold it?

Mr. LANSKY. About 13 years, 12, 14. It was about that long.

Mr. HALLEY. With whom else did you hold that real estate?

Mr. LANSKY. Ask the lawyer. He remembers it better than me.

Mr. POLAKOFF. There were four people. Three of them have nothing to do with this. Each had a 25-percent interest.

Mr. HALLEY. Can we have the names?

Mr. POLAKOFF. People that have nothing to do with any of these so-called things that you are investigating. One is dead; his wife, Mrs. Rosenbaum—you don't want those names.

Mr. HALLEY. Just submit them—on your assurance that they have nothing to do with any of these matters; I will take a written statement from you giving the names, and we will just keep it in the file.

Mr. POLAKOFF. It has nothing to do with anyone you have mentioned.

Mr. HALLEY. We have no further questions. Thank you very much. (Mr. Lansky was excused.)

(Mr. Polakoff at this point requested a copy of the transcript.)

Mr. HALLEY. You may buy a copy of the testimony, with the usual understanding that it is not to be disclosed to anyone else.

Mr. POLAKOFF. Of course, we won't disclose it. But I don't want to be facetious, but you say it is secret; and tomorrow all the press are going to have the story, because I believe members of the press are present at this hearing; aren't they?

Mr. HALLEY. No. These are all people working with our committee.

Mr. POLAKOFF. I see. At the same time, may I have a copy of this—I will pay for it also—of his previous private testimony for our own use?

Mr. HALLEY. Yes.

Mr. POLAKOFF. I had written the stenographer a long time ago, but I had never gotten a reply to it.

Mr. HALLEY. You may have that.

Mr. POLAKOFF. Thank you. And I will use it for my own use. If you want to know the three other people, I will tell it to you now.

(Mr. Polakoff at this point spoke to Mr. Halley privately.)

(Whereupon, Mr. Polakoff and Mr. Lansky left the hearing room.)

TESTIMONY OF JAMES J. MORAN, COMMISSIONER, BOARD OF WATER SUPPLY, NEW YORK, N. Y.

The CHAIRMAN. Do you solemnly swear the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MORAN. I do.

Mr. LAZARUS. Will you please give your name to the stenographer.

Mr. MORAN. James J. Moran.

Mr. LAZARUS. Your address?

Mr. MORAN. 545 Eighth Street, Brooklyn.

Mr. LAZARUS. What are you doing at the present time, Mr. Moran?

Mr. MORAN. I am commissioner in the board of water supply.

Senator TOBEY. Was that for a number of years?

Mr. MORAN. No.

Senator TOBEY. You don't want to resign; is that it?

Mr. MORAN. That's right.

Mr. LAZARUS. For your information, Senator, it is a position without tenure, to be held without—during good conduct, and removal on charges.

Before you were commissioner of water supply, Mr. Moran, what did you do?

Mr. MORAN. I was first deputy fire commissioner.

Mr. LAZARUS. How long did you hold that position?

Mr. MORAN. A little over 4 years—4 years and 4 months.

Mr. LAZARUS. And prior thereto, what were you engaged in?

Mr. MORAN. I was chief clerk at the district attorney's office.

Mr. LAZARUS. And you held that office for how long?

Mr. MORAN. About 5 years, and 8 months.

Senator TOBEY. Who was district attorney then?

Mr. MORAN. William O'Dwyer. Part of the time he was absent, though.

Mr. LAZARUS. Was that a civil service place, or an exempt office?

Mr. MORAN. Exempt.

Mr. LAZARUS. How soon after Mr. O'Dwyer's election as district attorney did you receive your appointment?

Mr. MORAN. First of January 1940.

Mr. LAZARUS. Was that a personal appointment, so far as you know?

Mr. MORAN. Well, I would say yes. I was with him in the county court before then.

Mr. LAZARUS. Yes, tell us about that.

Mr. MORAN. I was a court attendant in the county court, from the first of January 1929, until December 31, 1939.

Mr. LAZARUS. That was during the entire time that Mr. O'Dwyer had been county judge?

Mr. MORAN. He was county judge for 2 years at that time.

Mr. LAZARUS. Will you describe to us your duties as chief clerk of the district attorney's office in Kings County?

Mr. MORAN. Well, at the time I was at the district attorney's office, I had charge of the personnel, making up of calendars, and so forth. In substance, that was about the duties; making up of payrolls, and in charge of the clerical personnel.

Mr. LAZARUS. General supervision of the office?

Mr. MORAN. That's right.

Mr. LAZARUS. Did you ever occupy any political place or office?

Mr. MORAN. I did not.

Mr. LAZARUS. Did you have any participation in the nomination or election of Mr. O'Dwyer to any of the offices he has held?

Mr. MORAN. I did not.

Mr. LAZARUS. Did you ever attend any conferences of persons who were interested in the nomination or election of Mr. O'Dwyer at any time?

Mr. MORAN. No; I would not have been allowed into any of the conferences.

Mr. LAZARUS. Why not?

Mr. MORAN. Because I was not in the political picture at all.

Mr. LAZARUS. I didn't mean a party matter, or as a party political matter. I mean, as a friendly discussion among the friends of the former mayor, who were interested in his nomination?

Mr. MORAN. Yes.

Mr. LAZARUS. Never attended any conferences?

Mr. MORAN. Yes; I did.

Mr. LAZARUS. You did?

Mr. MORAN. Yes.

Mr. LAZARUS. Can you recall what those were?

Mr. MORAN. Well, I can't recall offhand, but there were conferences with his brother, and his brother's partner, and maybe one or two others; maybe sometimes with some of the members of the district attorney's staff.

At the time he was appointed county judge, I did not know him—I mean, I had seen him around, but I didn't know him. So I naturally would have nothing to do with that.

Mr. LAZARUS. Let me take you back to a time in 1941, while you were in the district attorney's office, and Mr. O'Dwyer was district attorney.

Do you recall a visit made to that office by Mr. Costello, Mr. Frank Costello?

Mr. MORAN. I never saw Mr. Costello in his office.

Mr. LAZARUS. Did you ever meet Mr. Costello?

Mr. MORAN. I did.

Mr. LAZARUS. Can you tell us when and where?

Mr. MORAN. Well, I wouldn't be sure whether I had met him before this one particular time, but there was some time during General O'Dwyer's tenure in the Army. I met him at his home.

Now, I wouldn't be sure of the time. I think it was in 1942; it might have been 1943.

Mr. LAZARUS. At whose home?

Mr. MORAN. Costello's home.

Mr. LAZARUS. Do you remember where that was?

Mr. MORAN. Yes. It was on Central Park West, I believe, Seventy-second Street.

Mr. LAZARUS. Was that in your official capacity as chief clerk?

Mr. MORAN. No; it was not. Because William O'Dwyer was not district attorney at the time. But he asked me if I would go up with him.

As a matter of fact, I had arranged the appointment through Michael Kennedy, who was then the county leader of New York County.

Mr. LAZARUS. Can you give us the purpose of that meeting, the reason for the meeting?

Mr. MORAN. Well, as near as I can remember, there was some question of a tie-up between Costello and a Joe Baker; or there were other names that Baker was supposed to have; I can't remember what they were.

He was supposed then to be tied up with some Captain Schaeffer, who was out at the Army airfield, because the communication on it came through the district attorney's office at the time.

As near as I could see it, it was a question as to whether or not he was tied up with Baker, or what there was in this proposition.

Mr. LAZARUS. How did you happen to call Mr. Kennedy to make the appointment?

Mr. MORAN. Well, I knew Michael Kennedy at the time, and I spoke to him and asked him if he could arrange the appointment, because I had gotten a telephone call from, then, Major, I think, O'Dwyer, about arranging this appointment, that there was this problem over some business, I believe, at Wright Field. I wouldn't be sure.

Mr. LAZARUS. I am sure that the committee would be interested in knowing why you selected Mr. Kennedy as the man who might make this appointment?

Mr. MORAN. Well, as far as knowing why I selected Kennedy; I wouldn't know.

Mr. LAZARUS. It just occurred to you?

Mr. MORAN. Yes.

Mr. LAZARUS. Did you think that Mr. Kennedy might know Mr. Costello?

Mr. MORAN. Yes.

Mr. LAZARUS. Was that the reason you called him?

Mr. MORAN. That's right.

Mr. LAZARUS. How would you have come to the conclusion that he might know him; can you tell us?

Mr. MORAN. Sure. I read it in the newspapers. The newspapers were filled that Kennedy and Costello were friends at the time.

Senator TOBEY. What was Kennedy's business?

Mr. MORAN. He was in the insurance business.

Senator TOBEY. What newspaper account made the relationship?

Mr. MORAN. Kennedy was county leader of New York County.

Mr. LAZARUS. Is that the reason you thought he might know Mr. Costello?

Mr. MORAN. That's right.

Mr. LAZARUS. Will you think real hard, Mr. Moran, and see if you can't recall whether there was another occasion in 1942 when you might have visited that apartment of Mr. Costello?

Mr. MORAN. I don't think I did.

Mr. LAZARUS. Do you know Mr. Irving Sherman?

Mr. MORAN. I do.

Mr. LAZARUS. Would you tell us how you know him? In what connection?

Mr. MORAN. Well, I have known Irving Sherman since, oh, back, probably 20 years, around.

Mr. LAZARUS. What is his business?

Mr. MORAN. As near as I can figure out, he has a clothing business, or suits or coats; something like that.

Mr. LAZARUS. Do you know of any other business he participates in?

Mr. MORAN. I don't know.

Mr. LAZARUS. What was that?

Mr. MORAN. I do not.

Mr. LAZARUS. Do you know Judge Savarese of Queens County? Anthony Savarese?

Mr. MORAN. No; I wouldn't be sure that I ever met him or knew him.

Mr. LAZARUS. Do you know Mr. Bert Stand?

Mr. MORAN. I do.

Mr. LAZARUS. Would he have been present at the conference which you attended in Mr. Costello's apartment?

Mr. MORAN. I don't think so.

Mr. LAZARUS. Do you know Clarence Neal?

Mr. MORAN. I do.

Mr. LAZARUS. But you can't recall his being there, either?

Mr. MORAN. As far as Clarence Neal is concerned, I would be almost positive he wasn't there.

Mr. LAZARUS. Why would you be more positive in the case of Neal than anyone else?

Mr. MORAN. Well, I would remember Neal more than I would anyone else.

Mr. LAZARUS. Why would that be?

Mr. MORAN. Well, I have met Neal more often than I have met the others.

Mr. LAZARUS. Was it a social meeting? Are you friends?

Mr. MORAN. Not friends in the sense of being socially friendly at all.

Mr. LAZARUS. Would you care to tell the committee how it was that you met him more frequently than the others?

Mr. MORAN. Well, I had met him off and on around the fights. Up to about 1945 I was quite a fight fan. Since then I have gone to none.

Mr. LAZARUS. Do you remember any meetings at Cavanagh's Restaurant on Twenty-third Street in Manhattan?

Mr. MORAN. I remember being in Cavanagh's on Twenty-third Street on many occasions.

Mr. LAZARUS. Was Mr. O'Dwyer at any—there at any time that you visited Cavanagh's?

Mr. MORAN. General O'Dwyer and I ate in Cavanagh's many times.

Mr. LAZARUS. And at Dinty Moore's, I suppose, too?

Mr. MORAN. Yes. Not many times did Mayor O'Dwyer eat at Dinty Moore's.

Mr. LAZARUS. Did you ever represent former Mayor O'Dwyer at any meetings held in Cavanagh's Restaurant?

Mr. MORAN. I was at the meeting at Cavanagh's Restaurant, and I don't know who was there at all. At the time there was some question as to whether or not O'Dwyer would run for governor.

I believe O'Dwyer at that time was in the Army. And he himself told me, when I spoke to him, he would not run for governor. That was the time that Colonel Bennett ran for governor.

Mr. LAZARUS. Would it be possible that Mr. Costello would have visited the office of the district attorney while Mr. O'Dwyer was district attorney, and you would not know of it?

Mr. MORAN. Well, yes, that could be; because there were several times I was in the hospital. Outside of that, I was always in the district attorney's office.

Mr. LAZARUS. As chief clerk, wouldn't you have some record of the people who called on the district attorney, called at the district attorney's office?

Mr. MORAN. Yes; there used to be a record kept in the book there.

Mr. LAZARUS. Everyone who called?

Mr. MORAN. Yes.

Mr. LAZARUS. So it wouldn't have been possible for anyone to call there without a record being made of the visit in that book?

Mr. MORAN. I would expect every name to be included in that book.

Mr. LAZARUS. You say it was possible for someone to call at that office without the name being recorded?

Mr. MORAN. It could be possible; yes.

Senator TOBEX. Of course, it could be possible if instructions were given not to record a certain person.

Mr. LAZARUS. The circumstances of nonrecording, I suppose, would be something that Mr. Moran might tell us about. I don't know who had charge.

Would you have had charge of the entries in that book?

Mr. MORAN. No.

Mr. LAZARUS. Would you have charge of the records of the office?

Mr. MORAN. Well, in a sense; yes.

Mr. LAZARUS. What would be the limitation. You say "in a sense."

Mr. MORAN. Well, I mean, as far as the keeping of a book was concerned, I mean. I wouldn't pay too much attention to the keeping of the book. There were policemen assigned there that just keep the book and keep the record of the people that came in and out.

Mr. LAZARUS. Did you ever give an order that a name be not entered in that visitors' book?

Mr. MORAN. Outside of prisoners; no.

Senator TOBEX. Would that include not only prisoners, but those who ought to be in prison?

Mr. MORAN. Well, I don't know, sir, if that's something that I should answer. I don't know enough about who should and who should not be in prison.

Senator TOBEY. I was facetious; forgive me.

Mr. MORAN. Yes, sir.

But when I say "prisoners," I mean witnesses that were brought in for the purpose of testifying, and things like that.

Mr. LAZARUS. Would you ever have attended any meetings of political leaders or other persons interested, in conferences leading to the nomination or designation of Mr. O'Dwyer to any office?

Mr. MORAN. No.

Mr. LAZARUS. Never discussed that matter with anyone?

Mr. MORAN. No.

Mr. LAZARUS. We have listened to testimony, Mr. Moran, which would take you back to the period of time when you were chief clerk at the district attorney's office.

You were a witness, I think, at the time Mr. Beldock succeeded—rather, superseded Mr. O'Dwyer as district attorney, who conducted a survey of that office?

Mr. MORAN. May I say that your choice of language on superseding is a little bit wrong.

Mr. LAZARUS. Well, correct me, please.

Mr. MORAN. He did not supersede him. O'Dwyer just resigned; Beldock was appointed by Governor Dewey to fill his place. So that there was no superseding of O'Dwyer as district attorney.

Mr. LAZARUS. I will accept your explanation. He was merely appointed to an interim appointment—as an interim district attorney until the next election?

Mr. MORAN. That's right.

Mr. LAZARUS. There was a time when the Anastasia case was under discussion, and I believe you were a witness as to the circumstances of the failure to indict Mr. Anastasia?

Mr. MORAN. Yes.

Mr. LAZARUS. Can you generally give us a description of your part in that case? What do you know about it?

You testified to certain facts, the missing records of certain arrests, and of some witnesses. Could you tell us something about it?

Mr. MORAN. What do you mean by "missing records"?

Mr. LAZARUS. Let's be specific about it. There was a time when a man by the name of Romeo, who was under arrest, was released because the records of your office, the office of the district attorney, were found to be missing; and those were the records necessary to hold him. Can you recall that?

Mr. MORAN. There were no records of the district attorney's office missing at any time, up to the 15th of August 1945. And as far as Romeo or anybody else concerned, there never was the question of whether or not there was missing records.

As far as the so-called Albert Anastasia case was concerned, there never was a case on Albert Anastasia. Albert Anastasia gave himself up to John Harlan Amen, who was then finishing up as special prosecutor, or superseding prosecutor for the previous district attorney's period. And John Harlan Amen called Thomas Craddock Hughes, who was then the acting district attorney of Kings County, as to whether or not he wanted Anastasia, or whether or not he had a case, and Thomas Craddock Hughes answered him that he didn't want him.

Shortly after that the case was taken up, because there was no sense of cluttering up these files with wanted cards. As far as any possibility of convicting Albert Anastasia at that time was concerned, there was a young boy who, I think, was both blind, and maybe had other afflictions in addition to that, who was questioned around the district attorney's office by Burton Turkus for a period of 2 or 3 months, which was the supposedly, the crux of the Anastasia case.

As far as Anastasia was concerned, if there ever was a murder case on him, there still is.

Mr. LAZARUS. Your opinion as to whether there was a case on Mr. Anastasia differs somewhat from the sworn testimony of Mr. O'Dwyer, who said there was a perfect case against him.

Mr. MORAN. Well, a long while ago, when I first started to work in law offices, I found out there was a court of appeals that differed even with judges.

I differ with General O'Dwyer as to what he thought was a perfect case.

Mr. LAZARUS. Are you admitted to the bar as a lawyer?

Mr. MORAN. I am not.

Mr. LAZARUS. Not that you couldn't know just as much law as the lawyer.

Mr. MORAN. No; I don't hold myself out as knowing as much law as a lawyer.

Mr. LAZARUS. Did you ever attend a law school?

Mr. MORAN. I did not.

Mr. HALLEY. You were familiar with the fact that Mayor O'Dwyer did testify that he thought there was a perfect case against Albert Anastasia?

Mr. MORAN. That's right.

Mr. HALLEY. At that time did you tell him you differed with him?

Mr. MORAN. No. I think it would be impertinent on my part if I did.

Mr. HALLEY. Why?

Mr. MORAN. No. 1, not being a lawyer; and No. 2, being a subordinate; why should I tell him that—the first I heard of the reference to a perfect case against Albert Anastasia was a question put to me before the grand jury in December 1945, by Mr. Beldock. And at that time my answer was the same, if you have the record there.

Mr. LAZARUS. From the copy of the presentment at that time, may I refresh your recollection of what the testimony of William O'Dwyer was:

Question. Anastasia was not only one of the biggest of the big shots, but you found that he played a hand in every murder committed in Brooklyn, and you finally got him in the case, didn't you?

Answer. Yes, sir.

Question. And you could have gotten an indictment against him, couldn't you?

Answer. Yes.

Question. And sent him to the electric chair?

Answer. Yes.

The conflict of opinions as to evidence constitutes sufficient evidence to indict. Let's drop that.

I am reading from another presentment in Kings County, dated October 29, 1945. One of the findings is:

That the removal of the "wanted notices," for Romeo—

I think it is—it is unclear—

Parisi, Anastasia, and other fugitives from the Bureau of Criminal Identification, on May 4, 1942, was on the direct order of Chief Clerk James J. Moran, according to the testimony of Sergeant Divers. Divers testified these "wanted notices" were not taken out on his own accord; and that he, in fact, had no authority to do so.

Have you any comment on that?

Mr. MORAN. Yes. I don't think the wanted card on Parisi was ever taken out. Parisi was picked up in recent years, the last 2 or 3 years, and tried in Brooklyn for that crime.

Mr. LAZARUS. But the record is that the cards were missing when Mr. Beldock was in that office, the office of district attorney, and in the inquiry conducted by him.

Senator TOBEY. Who testified that, Mr. Lazarus?

Mr. LAZARUS. This is the—Divers.

He was an attaché of the office, was he not?

Mr. MORAN. He was a policeman.

Senator TOBEY. Did you know before this that he so testified?

Mr. MORAN. I knew, on the question back in 1945, on the Anastasia card.

Senator TOBEY. I mean, this testimony about the records being taken, with reference to you; did you know he made that testimony?

Mr. MORAN. I couldn't be sure of what testimony he made. I know that I was asked a question about—

Senator TOBEY. Did you ever talk to him about his testimony?

Mr. MORAN. No.

Senator TOBEY. Did Mr. O'Dwyer ever talk with you about the charge made by Mr. Divers?

Mr. MORAN. No.

Senator TOBEY. Did anybody ever talk to you about it?

Mr. MORAN. Yes.

Senator TOBEY. Who?

Mr. MORAN. Mr. Beldock.

Senator TOBEY. What was Mr. Beldock's position?

Mr. MORAN. He questioned me before a grand jury.

Senator TOBEY. Mr. Divers testified before the same grand jury?

Mr. MORAN. I believe he did. I wouldn't be sure that he testified at all before a grand jury. But if he did, that probably would be the same grand jury.

Mr. LAZARUS. If we read you his sworn testimony, would you believe that he did so testify, Mr. Moran?

Mr. MORAN. Oh, I will take your word for what he testified. I mean, I am not questioning that. I am just questioning this—this gentleman (indicating Senator TOBEY) asked me if I knew that he testified. But I knew that I had been asked a question about the wanted card. I don't know what Divers testified to at all.

Mr. LAZARUS. There was some attempt to hold accountable someone in the office for the disappearance of certain of the records, a stenographer by the name of Anna Paris. Do you know anything about that?

Mr. MORAN. I never heard of any missing records.

Mr. LAZARUS. Do you know why Anna Paris was disciplined for 60 days during that period of time?

Mr. MORAN. No. I think at that time there was some complaint on the part of Mr. Beldock that she was insubordinate as far as he was concerned, and that—mostly on the basis of insubordination.

Mr. LAZARUS. That was the reason for the 30-day suspension or disciplining?

Mr. MORAN. I don't know whether it was 30 or 60.

Mr. LAZARUS. Sixty; you are right.

Mr. MORAN. I know what you mean about the missing records; now it dawns on me what you are coming to—may I be permitted to have a smoke?

The CHAIRMAN. Yes; go ahead.

Mr. LAZARUS. Would you give us your opinion, Mr. Moran, why you thought they did not have a good case against Anastasia?

Mr. MORAN. I didn't think they had sufficient corroboration. This was out of the words of Burton Turkus, who was handling the case, that the witness was no good, that the witness couldn't see 3 feet ahead of him.

Mr. LAZARUS. Who was that witness?

Mr. MORAN. Oh, it was a boy, at the time, I think, was maybe 9, 10 years old. I know they had him around the office there for months.

Mr. LAZARUS. Was Abe Reles another witness?

Mr. MORAN. As to the actual killing, I don't know for sure.

Mr. LAZARUS. Why was Abe Reles held; do you know?

Mr. MORAN. Abe Reles was held growing out of several murders, including one that was committed in his own house.

Mr. LAZARUS. Was he also held in connection with the killing of Peter Panto—as his testimony being needed in the prosecution of Anastasia?

Mr. MORAN. That I wouldn't be sure. All I remember about Panto was that I found the body.

Mr. LAZARUS. Of whom?

Mr. MORAN. Peter Panto.

Mr. LAZARUS. Did you find the body of Reles?

Mr. MORAN. No.

Mr. LAZARUS. Who found the body of Reles?

Mr. MORAN. I don't know.

Mr. LAZARUS. Do you know that Reles was incarcerated in one or two hotels during the period that he was held as a material witness?

Mr. MORGAN. I do.

Mr. LAZARUS. Will you tell us what you know about that?

Mr. MORAN. I don't know anything about it at all, except that I know he was kept there.

Mr. LAZARUS. Did you know—

Mr. MORAN. And I know the original story of Reles was given to me.

Mr. LAZARUS. What was it?

Mr. MORAN. I mean, his whole story, beginning.

Mr. LAZARUS. In connection with this case?

Mr. MORAN. That's right, in connection with all the cases.

Mr. LAZARUS. You would have knowledge of witnesses, and evidence being gathered in all prosecutions, as chief clerk, wouldn't you?

Mr. MORAN. No. In the preparation of cases, and in the digging up of evidence, testimony, and everything else, that was entirely up to the man who was prosecuting and handling the case. The cases were

assigned to them. Well, in most of those cases, they were assigned to Turkus.

Mr. LAZARUS. Did you ever visit the Half Moon Hotel while Reles was held there?

Mr. MORAN. I never was in the Half Moon Hotel in my life.

Mr. LAZARUS. You heard about the death of Reles indirectly; then?

Mr. MORAN. Yes.

Mr. LAZARUS. From whom did you hear it?

Mr. MORAN. I wouldn't be sure, but I believe it was Acting Captain Bals.

Senator TOBEY. Would he have knowledge of the case?

Mr. MORAN. Of which case?

Senator TOBEY. Reles?

Mr. MORAN. No; I don't believe he was there at the time. But he called me to tell me what happened to Reles.

Senator TOBEY. Shortly after it happened?

Mr. MORAN. Well, I wouldn't be sure that it was at the time it happened. But I was called before I went to the office. It might have been 9, it might have been a little before 9; something like that, that Reles was dead. He had fallen out the window.

Mr. HALLEY. Who called you, Bals?

Mr. MORAN. Bals, yes. I wouldn't be positive, but I am almost sure it was Bals.

Mr. HALLEY. I think a little while ago you said you thought you remembered what Mr. Lazarus was driving at about the missing records?

Mr. MORAN. Yes. On the missing records, at that time there were two things cropped up: No. 1, Mr. Beldock had decided I was being overpaid as chief clerk at the district attorney's office; that somewhere along the line in the Statutes or some place, it called for \$5,000, and I was being paid \$7,500.

So one of the headlines was that Moran, during that period of time, had taken \$14,000, or something, from the city funds, and so forth.

In addition to that, they had gone through some small filing cabinet which was there, and they found a campaign button and a box of crackers in it, and insisted that there should be a lot of papers in there.

Well, there was no reason for any papers to have been there.

Mr. HALLEY. Who was "they"? You mean Beldock?

Mr. MORAN. That's right.

Mr. HALLEY. Did you ever receive any papers from Anna Paris?

Mr. MORAN. I did not.

Mr. HALLEY. Of any kind?

Mr. MORAN. No. And she took no papers out of there at all. There were no papers ever there.

Mr. HALLEY. Were any papers taken out of the files of the district attorney's office?

Mr. MORAN. Never, during my time.

Mr. HALLEY. Or any papers relating in any way to the district attorney's office?

Mr. MORAN. That's right; never.

Mr. HALLEY. Or was it done perhaps after your time?

Mr. MORAN. No; nothing that I know of. Naturally, after my time, I know nothing about. But I know nothing about any missing records.

Mr. HALLEY. Did you ever receive from Anna Paris any records relating to the district attorney's office?

Mr. MORAN. Never.

Mr. HALLEY. Did you know Albert Anastasia before he was indicted?

Mr. MORAN. I did not.

Mr. HALLEY. Did you know Joe Adonis?

Mr. MORAN. I did.

Mr. HALLEY. When did you last see Joe Adonis?

Mr. MORAN. Oh, possibly 2 years ago.

Mr. HALLEY. Where did you see him?

Mr. MORAN. At an Italian restaurant on Forty-eighth Street, near Broadway.

Mr. HALLEY. Vesuvio?

Mr. MORAN. Vesuvio; that's right.

Mr. HALLEY. Did you eat with him, or just meet him?

Mr. MORAN. No; I just met him and said "Hello" to him.

Incidentally, I have known Joe Adonis since I was a child.

Mr. HALLEY. Did you grow up in Brooklyn, in that area?

Mr. MORAN. Yes. I not only grew up in Brooklyn, I went to school, and still live within 2 miles of the place I was born.

Mr. HALLEY. How long have you known Frank Costello?

Mr. MORAN. Seven or eight years.

Mr. HALLEY. When did you first meet him?

Mr. MORAN. At his home.

Mr. HALLEY. Under what circumstances?

Mr. MORAN. With General O'Dwyer; then Major O'Dwyer.

Mr. HALLEY. What were you doing at his home?

Mr. MORAN. I went there with Major O'Dwyer on the investigation that I spoke to Mr. Lazarus about.

Mr. HALLEY. Who suggested that, Major O'Dwyer?

Mr. MORAN. That's right.

Mr. HALLEY. You were then still in the D. A.'s Office?

Mr. MORAN. Yes.

Mr. HALLEY. Major O'Dwyer was in the Army?

Mr. MORAN. Yes.

Mr. HALLEY. What was the purpose of the trip?

Mr. MORAN. Well, he went there to check on a letter that they had received, that this Joe Baker was supposedly tied up with Costello, and was using Costello in this business; whatever it was, I don't know.

I mean, the definite part of the business, or anything connected with it, was some Army business. It was nothing connected with the civilian life.

Mr. HALLEY. Who else was present at Costello's house when you got there?

Mr. MORAN. I wouldn't be too sure who was there. I do believe that Kennedy was there, but outside of that I know of no one else that was there.

Mr. HALLEY. Were there other people whom you don't remember?

Mr. MORAN. There could have been; yes.

Senator TOBEY. You testified a while ago there was something about Wright Field?

Mr. MORAN. It was in connection with Wright Field.

Senator TOBEY. Some contract or something?

Mr. MORAN. I don't know whether it was a contract or a series of contracts.

Mr. HALLEY. Kennedy, then, was leader of Tammany Hall?

Mr. MORAN. Yes.

Mr. HALLEY. And you think other people might have been there?

Mr. MORAN. There could have been.

Mr. HALLEY. After the meeting, did the people present go anywhere else?

Mr. MORAN. No. Major O'Dwyer and I left.

Mr. HALLEY. You left and went where?

Mr. MORAN. Well, that I wouldn't be sure, of whether I went out to his home with him on Seventy-ninth Street, whether we went some place to sea, or what. I couldn't be too sure of that.

Mr. HALLEY. This was in 1944?

Mr. MORAN. No; I think it was before then.

Mr. HALLEY. What year?

Mr. MORAN. I wouldn't be sure whether it was 1942 or 1943.

Mr. HALLEY. What was your connection with the Air Corps business?

Mr. MORAN. I had absolutely none.

Mr. HALLEY. You were just going along to keep the major company?

Mr. MORAN. That's right.

Mr. HALLEY. And what was discussed up there?

Mr. MORAN. I beg your pardon?

Mr. HALLEY. What was discussed with Costello?

Mr. MORAN. That I don't know.

Mr. HALLEY. Weren't you in the room?

Mr. MORAN. No. I had no part of the conversation, and didn't go near them at all when they were conferring.

Mr. HALLEY. Who conferred?

Mr. MORAN. Major O'Dwyer, or Colonel O'Dwyer, whatever he was then, and Costello were the two that conferred.

Mr. HALLEY. And did they go to a separate room to talk?

Mr. MORAN. No. There was a large room there; they were talking.

Mr. HALLEY. They went to one side of the room?

Mr. MORAN. Yes.

Mr. HALLEY. And you didn't hear any of the conversation?

Mr. MORAN. No.

Mr. HALLEY. So all you know about the purpose of the meeting was the major told you; is that right?

Mr. MORAN. Oh, no. As I said before, the letter on it came through the district attorney's office, and I turned the letter over to the then Major or Colonel O'Dwyer.

Mr. HALLEY. What did the letter refer to?

Mr. MORAN. It referred to this Joe Baker and, oh, I don't know; there was a captain out there, I believe a Captain Schaeffer, or I believe a name similar to that—that they were doing business, and that Costello and Baker were the ones that were financing all this work.

Mr. HALLEY. Where were they supposed to be doing this business?

Mr. MORAN. At Wright Field.

Mr. HALLEY. And the major himself went up there to investigate that?

Mr. MORAN. That's right.

Mr. HALLEY. What did you do; did you get the letter?

Mr. MORAN. Yes.

Mr. HALLEY. Would a letter of that type ordinarily come to you?

Mr. MORAN. It was mailed to William O'Dwyer, care of district attorney's office, personal.

Mr. HALLEY. How did you happen to get it?

Mr. MORAN. Well, I handled all the mail that came into the district attorney's office.

Mr. HALLEY. And you communicated with the mayor?

Mr. MORAN. Yes.

Mr. HALLEY. Where was he at the time?

Mr. MORAN. That I wouldn't be sure.

Mr. HALLEY. He was not in New York?

Mr. MORAN. I don't believe so.

Mr. HALLEY. He made a special trip into New York to get that?

Mr. MORAN. No, no. He used to come into New York about every week, every 2 weeks, sometimes every 3 weeks, according to where he would be. And it was then that he got it.

Mr. HALLEY. Had you opened it before you gave it to him?

Mr. MORAN. Yes.

Mr. HALLEY. And you had told him of the contents?

Mr. MORAN. Yes.

Mr. HALLEY. What did he tell you to do, if anything?

Mr. MORAN. Well, I wouldn't be sure when or how it happened, whether he had gotten back here or not. He wanted to know if there was some way that he could get ahold of Costello, and I said I thought there was. And I got ahold of Michael Kennedy and made the arrangements. It was on a holiday. I don't remember what it was.

Mr. HALLEY. Did you call Costello yourself?

Mr. MORAN. I did not.

Mr. HALLEY. Whom did you call?

Mr. MORAN. Kennedy.

Mr. HALLEY. For what purpose?

Mr. MORAN. He arranged the appointment.

Mr. HALLEY. With Costello?

Mr. MORAN. That's right.

Mr. HALLEY. Why did you need Kennedy to arrange an appointment with Costello?

Mr. MORAN. Well, how else could I arrange it? Where would I go? How could I get ahold of him?

Mr. HALLEY. Did you know Costello as a politician or as a thug?

Mr. MORAN. What do you mean by "a politician"? I don't know whether Costello is a politician. I don't know whether Costello is a thug.

Senator TOBEY. A few minutes ago you testified—I don't think Mr. Halley was here—that when you wanted to get this conference, you went to Mr. Kennedy and asked him to make the appointment with Costello, which you did?

Mr. MORAN. That's right.

Senator TOBEY. You said that Kennedy was a county Tammany political leader?

Mr. MORAN. He was the county leader of Tammany Hall.

Senator TOBEY. Now, was Costello close to the city and county political leaders?

Mr. MORAN. That I don't know. At that particular time, the newspaper headlines were that Costello and Kennedy were arm in arm, and so forth.

I mean, it was continuous for a long period of time. I believe even during Mayor La Guardia's administration, he said that there was a tie-up between the two. I mean, it was common knowledge through the newspapers.

Mr. HALLEY. Aren't you talking about a rather unusual way of investigating what would appear to be a routine complaint?

Mr. MORAN. There was no complaint as far as I was concerned.

Mr. HALLEY. You had a letter, did you not?

Mr. MORAN. That's right.

Mr. HALLEY. Was it an anonymous letter?

Mr. MORAN. An anonymous letter.

Mr. HALLEY. Not even a signature?

Mr. MORAN. That's right. And it was Army business; it wasn't my business.

Mr. HALLEY. And on the basis of an anonymous letter, the former district attorney himself, you, and the leader of Tammany Hall went up to Costello's apartment?

Mr. MORAN. No. The leader of Tammany Hall did not go up with us.

Mr. HALLEY. He was there when you got there?

Mr. MORAN. He was there; yes.

Mr. HALLEY. Did he know—he arranged this appointment?

Mr. MORAN. That's right.

Mr. HALLEY. What was he doing there?

Mr. MORAN. I don't know.

Mr. HALLEY. Isn't it strange that he would arrange an appointment for Mr. O'Dwyer with Costello on a purely Army basis, and that he would then go up there?

Mr. MORAN. Well, that I don't know.

Mr. HALLEY. While O'Dwyer and Costello were off in one corner talking—would you like some water?

Mr. MORAN. No, thanks.

Mr. HALLEY. While you and O'Dwyer were off in one corner—I mean, while O'Dwyer and Costello were off in one corner talking, what were you doing?

Mr. MORAN. I was sitting there. I may have been talking to Kennedy. I don't know whether I did or not.

Mr. HALLEY. Had you previously known Kennedy?

Mr. MORAN. Yes.

Senator TOBEY. Is Kennedy still living now?

Mr. MORAN. No; Kennedy is dead.

Senator TOBEY. Was he a former Congressman?

Mr. MORAN. I believe Michael Kennedy was a Congressman.

Senator TOBEY. The thing that interests me about this, Mr. Halley, is that here is an anonymous letter which most of us would pay no attention to, with reference to something out at Wright Field, and yet it was deemed important enough for Mr. Witness, who is an ex-friend to Mayor O'Dwyer, and his confidential clerk, extending to

his opening his personal letters, taking it on himself to arrange an appointment with the king of what you may say, Mr. Costello; and through a Tammany politician, go over the content of an anonymous letter.

Mr. HALLEY. Senator Tobey, I am sure that Mayor O'Dwyer himself will have a good and satisfactory explanation for this committee, and I know that he will come here and help us out.

But I am interested in this witness' explanation, because I am certain that this witness wants to give the committee every help he can. But so far the story—he hasn't succeeded in getting us to understand just what happened.

Mr. MORAN. At that time, the then Major or Colonel O'Dwyer was investigating at Wright Field and several other spots, and so what he—

Senator TOBEY. Did the letter refer to Costello at all?

Mr. MORAN. Yes.

Senator TOBEY. What did it say about Costello?

Mr. MORAN. It made a reference that Costello and this fellow Baker—and they gave a couple of other names—Osterhoffer, or something like that—that they had business together, that they were wining and dining this Captain Schaeffer; and that as a result of that, they had the free rein at Wright Field.

Senator TOBEY. Contract, or building, or something, or something of that sort?

Mr. MORAN. That I don't know.

Senator TOBEY. Is Wright Field a permanent construction, then?

Mr. MORAN. That I don't know.

The CHAIRMAN. Wright Field is at Dayton, Ohio; isn't it?

Mr. MORAN. It is out there some place. Where it is exactly, I don't know.

The CHAIRMAN. What did Costello—I mean, Mr. O'Dwyer, have to do with Wright Field?

Mr. MORAN. At that time he was—

The CHAIRMAN. He was here, wasn't he?

Mr. MORAN. No; at that he was investigating at Wright Field, and at Lackland, and a couple of other places.

Mr. HALLEY. For the record, in that period, as a matter of fact, I was then investigating at Lackland. Major O'Dwyer, I think he was then a colonel, was in the Inspector General's Office of the Air Corps, and traveling around the country.

What surprises me is that on an anonymous letter like this, anybody with the duties such as the mayor had, would have come to New York and taken the trouble to see Costello.

Mr. MORAN. He didn't come to New York especially; I didn't say that. I said he used to come in to New York about every week or every 2 weeks.

Mr. HALLEY. Did you suggest that to him?

Mr. MORAN. No.

Mr. HALLEY. Whose idea was it to call Mike Kennedy to make the appointment?

Mr. MORAN. Mine.

Mr. HALLEY. Did you ever get hold of this fellow Baker?

Mr. MORAN. No.

Mr. HALLEY. Do you know who he is?

Mr. MORAN. No. I know of him. I mean, I have heard the name around.

Mr. HALLEY. Do you know there is such a person?

Mr. MORAN. Yes.

Mr. HALLEY. But you never took the trouble to talk to him?

Mr. MORAN. No, I had no interest in the Army business. I mean, I had no right to talk to him.

Mr. HALLEY. Did Mayor O'Dwyer, to your knowledge, ever take the trouble to talk to Baker?

Mr. MORAN. That I don't know.

Mr. HALLEY. He certainly did not with you?

Mr. MORAN. That's right.

Mr. HALLEY. But he did with you, and with Mike Kennedy, go to talk to Costello?

Mr. MORAN. That's correct.

Mr. HALLEY. Had you previously known Costello?

Mr. MORAN. No.

Mr. HALLEY. Had never met him before?

Mr. MORAN. No.

Mr. HALLEY. Have you seen Costello since then?

Mr. MORAN. Oh, yes. I have seen him any number of times. I have seen him in restaurants; I have seen him at the race track.

Mr. HALLEY. Have you seen him in any private gathering or meeting?

Mr. MORAN. No.

Mr. HALLEY. Have you had a meal with him since then?

Mr. MORAN. No.

Mr. HALLEY. Or talk to him?

Mr. MORAN. I have talked to him; yes.

Mr. HALLEY. About what matters?

Mr. MORAN. Nothing in particular. Just "Hello," walk in to him in places and not—

Mr. HALLEY. Isn't it a fact, if you know it, and I have reason to believe you do—that Frank Costello had previously visited Mr. O'Dwyer in the district attorney's office in Brooklyn?

Mr. MORAN. I never saw Mr. Costello in the district attorney's office in Brooklyn.

Mr. HALLEY. Were you ever told—

Mr. MORAN. And I have no knowledge of him having been there.

Mr. HALLEY. Were you ever told by anybody that Mr. Costello had visited the district attorney's office in Brooklyn, and had seen Mr. O'Dwyer?

Mr. MORAN. No.

Mr. HALLEY. Nobody ever told you that?

Mr. MORAN. No one ever told me.

Mr. HALLEY. When you got to Frank Costello's apartment on this one occasion, did you—did Bill O'Dwyer know Costello?

Mr. MORAN. No.

Mr. HALLEY. You both had to be introduced to him?

Mr. MORAN. That's correct.

Mr. HALLEY. Who did the introducing?

Mr. MORAN. Michael Kennedy.

Mr. HALLEY. Who was already there?

Mr. MORAN. Yes.

Mr. HALLEY. How long after the side talk between O'Dwyer and Costello did you leave?

Mr. MORAN. Well, it was only a short period of time, whatever—the whole transaction took, maybe, a half hour.

Mr. HALLEY. And then you left?

Mr. MORAN. That's right.

Mr. HALLEY. And this, you said, occurred about 1943?

Mr. MORAN. That I couldn't be sure. It was 1942 or 1943. It must have been 1943, because I believe General O'Dwyer went into the Army in 1942. So it must have been 1943.

Mr. HALLEY. Well, now, wasn't Clarence Neal there that day?

Mr. MORAN. No; not that I know of. I would say "No."

Mr. HALLEY. Are you sure?

Mr. MORAN. Well, I wouldn't be sure.

Mr. HALLEY. What time of the day was this meeting?

Mr. MORAN. I don't know. It was in the daytime.

Mr. HALLEY. Daytime?

Mr. MORAN. Yes.

Mr. HALLEY. Morning or afternoon?

Mr. MORAN. That I wouldn't be sure of.

Mr. HALLEY. Did you go right to Costello's office—home, from Brooklyn, or did you have other appointments with Mr. O'Dwyer in New York?

Mr. MORAN. No; we went right from Brooklyn.

Mr. HALLEY. Where did you leave from in Brooklyn?

Mr. MORAN. I believe 449 Seventy-ninth Street.

Mr. HALLEY. What was that, Bill O'Dwyer's home?

Mr. MORAN. That's right.

Mr. HALLEY. Can you place the time of the day that you left his home?

Mr. MORAN. No.

Mr. HALLEY. Had you had lunch yet?

Mr. MORAN. That I don't know.

Mr. HALLEY. But you are sure it was daytime?

Mr. MORAN. It was daytime; yes, sir.

Mr. HALLEY. And you wouldn't say yes or no as to whether Clarence Neal was there?

Mr. MORAN. I wouldn't be definite that he wasn't there. As my own recollection is that he was not there. But I wouldn't be definite.

Mr. HALLEY. What would you say about Bert Stand?

Mr. MORAN. I would say the same thing; I don't remember seeing Bert Stand there. He could have been there.

Mr. HALLEY. You don't know one way or the other, then?

Mr. MORAN. No.

Mr. HALLEY. What would you say about Irving Sherman?

Mr. MORAN. I would have to say the same thing, although my own recollection would be no. But I couldn't be definite on it.

Mr. HALLEY. How long have you known Irving Sherman?

Mr. MORAN. Since about the middle of the thirties, some time.

Mr. HALLEY. How did you first meet him?

Mr. MORAN. Well, that I wouldn't be too sure of. 1930's, I worked at night for the trustees of Paramount, in addition to my day job in

the county court. And I was up around Broadway there at the Paramount office at the time. Occasionally I would go to different places to eat. I knew lots of policemen that were working up that way. And in around that time, or maybe a short while after, was when I met Sherman.

Mr. HALLEY. Did you ever go to the Arizona Restaurant?

Mr. MORAN. Yes, sure. Arizona was not a restaurant; it was a bar.

Mr. HALLEY. Bar?

Mr. MORAN. A wild sort of a place.

Mr. HALLEY. Pretty wild joint, wasn't it?

Mr. MORAN. Yes.

Mr. HALLEY. Did Sherman run it?

Mr. MORAN. That I don't know. I know I have seen him there. But who ran it, I don't know.

Mr. HALLEY. He owned it, didn't he?

Mr. MORAN. That I don't know.

Mr. HALLEY. You can generally tell if a man acts as though he owns the place.

Did he act as though he might have some connection with it?

Mr. MORAN. I have seen people acting like that, I mean, things were proven different afterward.

Mr. HALLEY. Take it for what it is worth——

Mr. MORAN. I believe he had an interest in it of some kind.

Mr. HALLEY. That is a nice answer. You believe he had an interest in it at some time; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. What are some of the other interests that Mr. Sherman had? I remember some time back you said you thought his business was a coat and suit business, and I thought you weren't being entirely frank with Mr. Lazarus. I hope you can think of a few of Mr. Sherman's other businesses. Do you know of any others?

Mr. MORAN. I do not.

Mr. HALLEY. None at all?

Mr. MORAN. I do not.

Mr. HALLEY. Did you ever hear of the Garment Fashion Center Club?

Mr. MORAN. I did not.

Mr. HALLEY. Where were you in 1942?

Mr. MORAN. In the district attorney's office.

Mr. HALLEY. Did you come to New York from time to time?

Mr. MORAN. Yes.

Mr. HALLEY. Did you ever go into a building at 1480 Broadway?

Mr. MORAN. 1480 Broadway—I don't even know what 1480 Broadway would be.

Mr. HALLEY. Do you know Phil Kastel?

Mr. MORAN. I don't know him. I have seen him.

Mr. HALLEY. Where have you seen him?

Mr. MORAN. I saw him at a restaurant—I believe it was Toots Shor's. I wouldn't know for sure.

Mr. HALLEY. Who pointed him out to you?

Mr. MORAN. That I wouldn't be sure of.

Mr. HALLEY. Do you know Izzie Silverman?

Mr. MORAN. No.

Mr. HALLEY. Ike Silverman?

Mr. MORAN. No.

Mr. HALLEY. You don't know anybody by that name?

Mr. MORAN. I know lots of people by the name of Silverman, but not those two.

Mr. HALLEY. Were you ever in a restaurant located at the top of a loft building on Broadway?

Mr. MORAN. Never.

Mr. HALLEY. Were you ever at the Sun and Surf Club at Atlantic Beach?

Mr. MORAN. The what?

Mr. HALLEY. Sun and Surf Club at Atlantic Beach?

Mr. MORAN. I never was at Atlantic Beach.

Mr. HALLEY. Never in your life?

Mr. MORAN. The nearest I ever was to Atlantic Beach was East Rockaway, across the bay.

Mr. HALLEY. When Mayor O'Dwyer left to become Ambassador, he appointed you commissioner of water supply; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And you now hold that post?

Mr. MORAN. That's right.

Mr. HALLEY. Your career is that you were a clerk in the office of the mayor; is that right, originally, when he was a judge?

Mr. MORAN. That was a court attendant, acting as secretary.

Mr. HALLEY. Acting as secretary to Judge O'Dwyer?

Mr. MORAN. That's right.

Mr. HALLEY. What had you been prior to that?

Mr. MORAN. Well, I was a court attendant from the 1st of January 1929. Prior to that I was a law stenographer for about 14 years. And I went into the county court because I thought at that time my eyesight was going bad from long hours.

Mr. WALSH. Mr. Moran, do you know a Lou Weber?

Mr. MORAN. Yes.

Mr. WALSH. How long have you known him, sir?

Mr. MORAN. Oh, that would be pretty hard to say. Probably 15, 18 years.

Mr. WALSH. Have you seen him recently?

Mr. MORAN. I saw him right outside as I came in.

Mr. WALSH. Would you say you took an active part in the campaigns of '45 and '49?

Mr. MORAN. '49, I took no part in it at all; '45, I did.

Mr. WALSH. Your part, did it have anything to do with the collection of funds for the campaign?

Mr. MORAN. Partly, yes.

Mr. WALSH. Did you collect any funds from Weber?

Mr. MORAN. I did not.

Mr. WALSH. Do you know if Weber knows Police Commissioner Bals?

Mr. MORAN. That I wouldn't be sure of.

Mr. WALSH. What are your relationships with Lou Weber?

Mr. MORAN. Louie Weber I have known for a lot of years. I know that Louie Weber was one of the few Puerto Ricans around that could speak halfway intelligently to you in the English language at that

time. Like everyone else, I mean, as I said before, I was born and lived in a radius of a few miles all of my life. As far as knowing people, I know most everybody that there is around Brooklyn. I mean, not that I know them intimately, nor do I know them socially, because socially I may be considered a wet blanket, for the simple reason I don't bother too much with anybody.

Mr. WALSH. Has Weber been to your office recently?

Mr. MORAN. Weber has been to my office off and on during the last 3 or 4 years.

Mr. WALSH. In connection with business?

Mr. MORAN. No. He would drop in and pay a visit. I remember one time he had some kind of a painting and scaling outfit. He was anxious to see if he could get some work scraping ferryboats, or some other damned thing.

Mr. WALSH. Did he get the job?

Mr. MORAN. No.

Mr. WALSH. Do you know if he organized any Democratic club?

Mr. MORAN. No; I do not—now wait a minute. When you say do I know if he organized one—that I wouldn't be sure of.

I know he was connected with some of them. I know he was connected with most of the Puerto Ricans.

Mr. WALSH. Where? In Brooklyn?

Mr. MORAN. Brooklyn, mostly. In New York I heard that he was.

Mr. WALSH. Had you ever been to his club?

Mr. MORAN. No.

Mr. WALSH. Do you know he has a criminal record?

Mr. MORAN. I know that he was convicted of policy in Brooklyn 10 years ago. I know a lot of people with criminal records, though.

Mr. WALSH. Do you know what his occupation is now?

Mr. MORAN. I do not.

Mr. WALSH. Do you know what it has been during the last 10 years?

Mr. MORAN. No.

Mr. HALLEY. Have you ever received or held sums of money for any other persons?

Mr. MORAN. I have not.

Mr. HALLEY. Whether in cash or by check?

Mr. MORAN. No.

Mr. HALLEY. Directly or indirectly?

Mr. MORAN. Never.

Mr. HALLEY. What were your qualifications for the post of this deputy fire commissioner?

Mr. MORAN. Well, I don't know what you would want to know as to my qualifications. I consider myself having ordinary run-of-the-mill intelligence; also, what might be termed as a disagreeable expression; I have a certain amount of gutter wisdom.

I would love to think that I was somewhat like the blacksmith philosopher in ways. I think that as far as most any job around, I would be as well qualified, except for a job that would call for peculiar qualifications, such as an engineer, or that I be admitted to the bar, or something like that: that I can handle them as well as anybody else.

Mr. HALLEY. Doesn't the deputy fire commissioner have to know something about the business of fighting a fire?

Mr. MORAN. No.

Mr. HALLEY. The organization of a fire department?

Mr. MORAN. Well, the organization is directly under the commissioner. 'The deputy handles odds and ends, and whatever there is to the fire department could be picked up in 5 months by anybody with common intelligence.

Senator TOBEY. Were you a deputy fire commissioner under LaGuardia?

Mr. MORAN. No, sir.

Mr. HALLEY. Then what qualifications have you had to become commissioner of water supply?

Mr. MORAN. Well, I dare say in the 8 months that I have been there, I have picked up quite a bit about the board of water supply. You need no qualifications. The only qualification, or the only statement that is made as to your requirements is that you be a citizen of the city of New York.

Mr. HALLEY. Well, the job pays \$15,000 a year; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And it is an appointment for life?

Mr. MORAN. That's right. That seems to be the beef that is in everybody's mind, is that I got a job for \$15,000 for life.

Mr. HALLEY. Why did you get a job for \$15,000 for life?

Mr. MORAN. Well—

Mr. HALLEY. Speaking of it from the point of view of the interest of the citizens of this city.

Mr. MORAN. Well, I got the job because of the fact that Mayor O'Dwyer saw fit to appoint me to it. I feel now that I am as well qualified for that job as anyone.

Mr. HALLEY. Well, are you as well qualified, for instance, as an engineer that might have experience in the water-supply field?

Mr. MORAN. No; not as an engineer.

Mr. HALLEY. As well qualified as somebody who would have long and intensive administrative experience in the business field?

Mr. MORAN. Well, what do you mean by "long and intensive training"? Lots of things that are classified as long training, may be a complete flop when it is all through. I mean, people that have had 50, 60 years of training have fallen by the wayside insofar as their business administration is concerned.

That doesn't necessarily qualify anybody, because they studied business administration, or partook too much of it.

Mr. HALLEY. Just one more thing. In running over the list of people we have asked you about who might have been at the meeting between O'Dwyer and Costello, there is not one that you would definitely say wasn't there; is that right?

Mr. MORAN. I couldn't say they weren't there, because I have no definite recollection. I mean, my thought is that they were not there. But I couldn't definitely say they were not.

Mr. HALLEY. You are not sure they weren't?

Mr. MORAN. That's right.

Mr. HALLEY. The list is Neal, Sherman, Stand, Savarese.

Mr. MORAN. Pinned down to it, I would say they weren't there. But I have no independent recollection.

Mr. HALLEY. And you have a definite feeling that there were some other people there besides yourself, Kennedy, Costello, and O'Dwyer?

Mr. MORAN. That's right.

Mr. HALLEY. But you cannot tell this committee who they were?

Mr. MORAN. I cannot.

Mr. WALSH. Do you know what happened to Miss Paris after she left the district attorney's office?

Mr. MORAN. She was in the district attorney's Office until 1946. I believe she is now working in the mayor's office.

Mr. WALSH. She is now in the mayor's office?

Mr. MORAN. That's right.

Mr. HALLEY. Were you a member of any political club in Brooklyn?

Mr. MORAN. I joined the Twelfth Assembly District Democratic Club in August or September 1928, and never attended a meeting. Never attended any political meeting. The only other membership I have in anything, I have an athletic membership in the Knights of Columbus, where I play handball. Outside of that, I have membership in nothing.

Mr. HALLEY. How long have you known Frank Quayle?

Mr. MORAN. Oh, I would say 20 years.

Mr. HALLEY. Was your appointment as deputy to him, his appointment or the mayor's appointment?

Mr. MORAN. The mayor's appointment.

Mr. HALLEY. Was it acceptable to Quayle?

Mr. MORAN. Well, I went to work there. He didn't throw me out.

Mr. HALLEY. Well, did he welcome the appointment, or was it something he was willing to accept?

Mr. MORAN. That I wouldn't be sure of. I don't know what would be running through his mind.

Mr. HALLEY. He certainly wasn't enthusiastic; is that the point?

Mr. MORAN. I beg your pardon?

Mr. HALLEY. He was not enthusiastic?

Mr. MORAN. No; I didn't answer that way at all.

Mr. HALLEY. That is what I want to get sure. You just don't know one way or the other?

Mr. MORAN. That's right. As far as him bubbling over or gushing over the appointment, he did not.

The CHAIRMAN. Did you ever collect any campaign funds from Costello for any campaign?

Mr. MORAN. I did not.

The CHAIRMAN. Do you know whether he contributed to any?

Mr. MORAN. I do not.

The CHAIRMAN. Did you ever hear of any discussion about it?

Mr. MORAN. I did not.

The CHAIRMAN. These lost records that have been referred to previously, does that have to do with the waterfront matter where apparently some grand-jury docket book became missing, or something of that sort?

Mr. MORAN. No. As I said before, I know nothing of any missing records at all.

The CHAIRMAN. Weren't you accused of some records missing out of your possession, and not being presented to the grand jury?

Mr. MORAN. Definitely not. I was never accused of that.

The CHAIRMAN. You were accused of tearing down some wanted notices that were put up when Anastasia and others were wanted?

Mr. MORAN. No. Let me tell you what a wanted notice is, sir.

A wanted notice is a card that is placed in the files of the police department that such and such a person is wanted for a crime. That's kept there. And, as I explained before, once the man had turned himself in to John Harlan Amen, who in turn called Thomas Hughes and said he didn't want him, there was nothing that he could do with him now; the card was taken down. And within a short time after that he had joined the Army or been drafted; I am not sure which.

The CHAIRMAN. I notice here from the record I have, that the removal of the wanted notices for Romeo, Parisi. Anastasia, from the bureau of criminal identification, May 4, 1942, was on the direct order of Chief Clerk James J. Moran, according to the testimony of Sergeant Divers. And then that it says that they were taken out on a statement, and you told them to take them out. And I believe you said that that wasn't correct. Is that—

Mr. MORAN. No; I said that the one that I had—the only one that I had independent knowledge of was Anastasia's record; the wanted card, rather. Because within a month after the card was taken out, and within a month after he had turned himself in to John Harlan Amen, and in turn he had called up Thomas Hughes, Anastasia was in the Army; and within a few months after that, there was some hullabaloo over in the Army. I don't know just what it was.

The CHAIRMAN. Apparently, these wanted notices here referred to not only Anastasia, but to Romeo and Parisi and others?

Mr. MORAN. Well, I don't think that there was ever a card taken out on Parisi for the simple reason he was picked up and tried during the term of, I believe, Mr. McDonald in Brooklyn, and found not guilty, within the last year or 2 years.

The CHAIRMAN. Anything else, gentlemen?

Thank you, Mr. Commissioner.

(Mr. Moran thereupon left the hearing room.)

TESTIMONY OF LOU WEBER, BROOKLYN, N. Y.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. WEBER. I do.

Mr. WALSH. Will you give your full name, please?

Mr. WEBER. Lou Weber.

Mr. WALSH. Your address?

Mr. WEBER. 248 Warren, Brooklyn.

Mr. WALSH. Warren Street?

Mr. WEBER. Yes, sir.

Mr. WALSH. What is the correct spelling of your name?

Mr. WEBER. W-e-b-e-r.

Mr. WALSH. How long have you lived at Warren Street, Mr. Weber?

Mr. WEBER. I live about 2 years, I think.

Mr. WALSH. Where did you live before that?

Mr. WEBER. 200 Court Street.

Mr. WALSH. What is your occupation?

Mr. WEBER. I work.

Mr. WALSH. At what?

Mr. WEBER. Different odds and ends.

Mr. WALSH. What are you doing today?

Mr. WEBER. Working in a stevedore, longshoreman.

Mr. WALSH. For whom; what company?

Mr. WEBER. Libonia Stevedore, lumber yard.

Mr. WALSH. Where is that located?

Mr. WEBER. That is located 1162 Greenwich Street, in Brooklyn.

But they have the office over here in 42 West Street.

Mr. WALSH. Did you work yesterday?

Mr. WEBER. No, sir.

Mr. WALSH. When is the last time you worked as a longshoreman?

Mr. WEBER. I worked last year. Previously I had been sick.

Mr. WALSH. What time last year did you work?

Mr. WEBER. Up to December, last time was in month of—late in November.

Mr. WALSH. How much did you earn as a longshoreman last year?

Mr. WEBER. Last year, 356—I have it here [indicating]. I did a few other jobs that were minor jobs on some other places.

Mr. WALSH. Tell us how much that longshoreman paid?

Mr. WEBER. \$356.40.

Mr. WALSH. \$356.40 for the entire year?

Mr. WEBER. Yes, sir; in that place.

Mr. WALSH. Are you married?

Mr. WEBER. I am married; yes, sir.

Mr. WALSH. Any children?

Mr. WEBER. Puerto Rico.

Mr. WALSH. Do you support them?

Mr. WEBER. No; they support me.

Mr. WALSH. Do you have any bank accounts?

Mr. WEBER. No, sir.

Mr. WALSH. Do you have any safe deposit box?

Mr. WEBER. No, sir.

Mr. WALSH. What else did you do last year besides this longshoreman's job?

Mr. WEBER. Last year I only did another job on the—I work about 3 days, in the maintenance; that is shipping and painting and scaling.

Mr. WALSH. Where was that?

Mr. WEBER. 73 Hamilton Avenue.

Mr. WALSH. Brooklyn?

Mr. WEBER. Yes, sir.

Mr. WALSH. Do you know Commissioner Moran?

Mr. WEBER. No, sir.

Mr. WALSH. Do you know James Moran?

Mr. WEBER. No, sir.

Mr. WALSH. Did you see a gentleman just go out there in the witness room?

Mr. WEBER. I see nobody there. I am a Puerto Rican myself. And only people over there are American—not American, not Puerto Ricans.

Mr. WALSH. Mr. Weber, if I tell you that the gentleman that just walked out the door into the witness room—did you see that gentleman?

Mr. WEBER. Well, I didn't notice that; I was half asleep when the gentleman came in.

Mr. WALSH. You and one gentleman came through the same door; one went out and one came in; you came in.

Mr. WEBER. Yes.

Mr. WALSH. Did you recognize him?

Mr. WEBER. No, sir.

Mr. WALSH. If I tell you, Mr. Weber, that Commissioner Moran, James Moran, was in here a few moments ago, and testified that he knew you——

Mr. WEBER. Probably he know me. I don't know him.

Mr. WALSH. He saw you.

Mr. WEBER. Probably he saw me, and I didn't see him.

Mr. WALSH. In the witness room today.

Mr. WEBER. Probably he saw me, but I didn't see him.

Mr. WALSH. And he further testified that you had visited him recently in his office.

(Mr. Weber shakes head in negative.)

Mr. WALSH. You say he is in error?

Mr. WEBER. I am not saying. I want nobody quote me. I am not quoting him.

Mr. WALSH. I am asking you.

Mr. WEBER. I am giving you an answer.

Mr. WALSH. What is your answer; do you know that gentleman or not?

Mr. WEBER. I say I don't know him.

The CHAIRMAN. Wait just a minute now. Mr. Weber, he said you came to see him, you had some kind of apparatus that you wanted to to try to get a contract or business to scrape some ships.

Mr. WEBER. I don't saw him the day I went there.

The CHAIRMAN. And you went to see him about it, about getting some business to scrape off some ships.

Mr. WEBER. Ship sealing and operating one day, but I didn't meet the man himself.

The CHAIRMAN. And you came in and talked with him about it. Why do you want to tell us that you don't know him, that you never saw him?

Mr. WEBER. I don't saw him, at the time I went over there to his office.

The CHAIRMAN. How do you know you didn't see him?

Mr. WEBER. Because there were some other people there.

The CHAIRMAN. Whom did you see?

Mr. WEBER. A man that was attending there.

The CHAIRMAN. How do you think Mr. Moran would be mistaken about seeing you?

Mr. WEBER. I am a face that no man can forget, you know.

The CHAIRMAN. I know, but he remembered you, and it looks like you should remember him.

Mr. WEBER. Very easy to remember my face.

The CHAIRMAN. All right. Excuse me, Mr. Walsh.

Mr. WALSH. Are you engaged in politics, Mr. Weber?

Mr. WEBER. Well, every Puerto Rican is a potential politician.

Mr. WALSH. I am asking you, are you engaged?

Mr. WEBER. I am not engaged in politics.

Mr. WALSH. Do you belong to any political club?

Mr. WEBER. Well, I am a Democrat.

Mr. WALSH. Do you belong to a club?

Mr. WEBER. I belong to Puerto Rican clubs.

Mr. WALSH. Where are they located?

Mr. WEBER. Well, one is located at 110 Madison; that I am honorary member of that club.

Senator TOBEY. Republican club?

The WITNESS. No; Democratic.

Mr. WALSH. 110 Madison Avenue, New York?

Mr. WEBER. Yes.

Mr. WALSH. Do you belong to any in Brooklyn?

Mr. WEBER. In Brooklyn. I used to belong before. But the clubs over there, they are disorganized lately, and many years ago I organized the Puerto Rican clubs—many years ago. That was many years, before 1940.

Mr. WALSH. You organized them?

Mr. WEBER. Yes, sir.

Mr. WALSH. In 1945 and in 1949 were you active in the clubs?

Mr. WEBER. No; I was not.

Mr. WALSH. Did the clubs back any candidate for mayor?

Mr. WEBER. Well, all clubs back different candidates.

Mr. WALSH. No; your clubs, the ones that you belong to?

Mr. WEBER. Well, sure. Sure we back some candidate for mayor.

Mr. WALSH. What candidate?

Mr. WEBER. The candidates who were Democrat.

Mr. WALSH. Mayor O'Dwyer?

Mr. WEBER. All the candidates that were Democrats. I am not mentioning any names. I vote Democrat all the straight ticket.

Mr. WALSH. Did you contribute any money to that campaign?

Mr. WEBER. No, sir; I have no money. How am I going to contribute money?

Mr. WALSH. Did the club to which you belong contribute any?

Mr. WEBER. No club contribute any money.

Mr. WALSH. Do you know Kovan's Bar and Grill?

Mr. WEBER. Yes.

Mr. WALSH. Do you have any interest in that bar?

Mr. WEBER. No, sir.

Mr. WALSH. Do you know one Louis Rotundo?

Mr. WEBER. No, sir.

Mr. WALSH. How about a Ralph Rivera?

Mr. WEBER. I know Ralph Rivera.

Mr. WALSH. What does he do?

Mr. WEBER. I don't know.

Mr. WALSH. Do you know Happy Evans?

Mr. WEBER. I know him; yes.

Mr. WALSH. What does he do?

Mr. WEBER. I don't know either.

Mr. WALSH. How long do you know him?

Mr. WEBER. For a few years.

Mr. WALSH. Where did you meet him?

Mr. WEBER. Well, I see him down in Harlem.

Mr. WALSH. In Harlem?

Mr. WEBER. Yes.

Mr. WALSH. Does he have a place of business?

Mr. WEBER. I do not know if he has. I don't have no place of business there.

Mr. WALSH. I say, does he have a place of business?

Mr. WEBER. I don't know either.

Mr. WALSH. Do you know one Joe Munes?

Mr. WEBER. I do know him.

Mr. WALSH. What does he do?

Mr. WEBER. He work in the ship scaling and painting, in 40 Carver Street.

Mr. WALSH. In Brooklyn?

Mr. WEBER. Yes, sir. I know him for 20 years, or 25.

Mr. WALSH. Did you ever work for him?

Mr. WEBER. We work together; yes. He used to work for me, and I work for him, in the ship scaling.

Mr. WALSH. Did you have a concern, business?

Mr. WEBER. One time I have.

Mr. WALSH. How long ago was that?

Mr. WEBER. 19—around 1945, 1946. I have the paper on it—on the men. But I was a general superintendent there. I was not the owner.

Mr. WALSH. You were not the owner of the company?

Mr. WEBER. No, I was not the owner; no. I was general superintendent.

Mr. WALSH. What salary did you receive then?

Mr. WEBER. Well, I pay my income tax there, and you can find out [handing document to Mr. Walsh].

The CHAIRMAN. You tell us. You know what you made.

Mr. WEBER. I don't know.

The CHAIRMAN. About what did you make?

Mr. WEBER. The man kept all the papers. The money was paid to the Government, how much I made.

The CHAIRMAN. You ought to know how much you got every week, or day, or month.

Mr. WEBER. Well, this, nobody can tell how much you make. Some-time, in the ship scaling and painting, like a longshoreman, some-time a man work 6 days and make \$125. Sometimes make 2 days, make \$40. That's according to how much overtime you work.

He have all the papers and the income tax, this gentleman. [Indicating document previously handed to Mr. Walsh.]

Mr. WALSH. Are you a member of the union?

Mr. WEBER. No; I was not.

Mr. WALSH. Don't you have to be a member of a union to work as a longshoreman?

Mr. WEBER. No. In some locations, no. I work with the company for 4 years during the war. And I went through the Government, and—

Mr. WALSH. But last year, when you worked, 1950—there was no war then?

Mr. WEBER. No, no; because we were in the lumber yards.

Mr. WALSH. You were working as a long—

Mr. WEBER. Even as a stevedore, you can work without being a member of the union.

Senator TOBEY. Are you a stevedore?

Mr. WEBER. Yes.

Senator TOBEY. You work with your hands?

Mr. WEBER. With my hands, yes.

Senator TOBEY. What do you do, lift bundles?

Mr. WEBER. Lift bundles.

Senator TOBEY. You do that every day?

Mr. WEBER. No, not every day; when I have the opportunity. Lately I have been sick.

Senator TOBEY. That is your only source of income?

Mr. WEBER. The only source of income, yes.

Senator TOBEY. What you get as wages as a stevedore?

Mr. WEBER. Well, once——

Senator TOBEY. The wages as a stevedore is all the income you have?

Mr. WEBER. That's all. And a little money that my daughter send from Puerto Rico, once in a while. She is a school teacher, teaching English in a school in Puerto Rico, and teach in the university.

The CHAIRMAN. All right, let's get on.

Mr. SHIVITZ. Have you ever been to the board of water supply?

Mr. WEBER. No.

Mr. SHIVITZ. Never were there?

Mr. WEBER. I don't even know the address.

Mr. WALSH. Were you ever in the municipal building, in the office of the deputy fire commissioner?

Mr. WEBER. I went once to there, but I don't met Mr. Moran.

Mr. SHIVITZ. How many times were you there?

Mr. WEBER. I went a couple of times and ask him for jobs to paint the towboats. When I was in the Atlantic Ship Scaling & Painting, 44 Court Street, where the office there. You can check on that.

Mr. WALSH. Were you ever engaged in the policy business?

Mr. WEBER. I am not.

Mr. WALSH. I say, were you ever engaged?

Mr. WEBER. One time I went to jail for that.

Mr. WALSH. How long ago was that?

Mr. WEBER. Well, I came out in, I think, 1941; January 7, 1941. I make 3 years complete, just for numbers. They give me the book.

Mr. HALLEY. Why did they give you the book?

Mr. WEBER. I don't know why.

Mr. HALLEY. You must have been a big operator.

Mr. WEBER. I don't know about that.

Mr. HALLEY. What did you do in the numbers field; what was your business?

Mr. WEBER. Well, I was doing a business; then they indict me for conspiracy.

Mr. HALLEY. Were you a banker?

Mr. WEBER. I was not.

Mr. HALLEY. What were you?

Mr. WEBER. Collector.

Mr. HALLEY. Whom did you collect for?

Mr. WEBER. Oh, I don't remember. You collect for different peoples, you know, different Italian peoples, you know.

Mr. HALLEY. Name one you collected for?

Mr. WEBER. I can't recall any name.

Mr. HALLEY. What do you say, what kind of people were they you collected for, Puerto Ricans?

Mr. WEBER. No; they was only Italian people.

Mr. HALLEY. And they were the bankers?

Mr. WEBER. They were.

Mr. HALLEY. Who, for instance, were some of the bankers?

Mr. WEBER. I can't mention anybody now; I have been out of that field for many years.

Mr. HALLEY. Do you know Jimmy Blue Eye?

Mr. WEBER. No.

Mr. HALLEY. Do you know Frank Costello?

Mr. WEBER. Never. If I bumped into him, I don't know him—well, I see him through the newspaper.

Mr. HALLEY. You never met him?

Mr. WEBER. Never met him in my life.

Mr. HALLEY. Do you know Joe Adonis?

Mr. WEBER. Never met him in my life.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. WEBER. No. I travel with Puerto Ricans only.

Mr. HALLEY. Who are some of the Italians?

Mr. WEBER. Well, Italians that were over there in Brooklyn at the time I went to jail in Brooklyn. And it was some Italian who was booking at that time, a fellow by the name of Mike Maletti, who is dead now. It is immaterial if I say that now; I was working during that time. He died after I come out.

Mr. HALLEY. Mike what?

Mr. WEBER. Mike Maletti.

Mr. HALLEY. Who else did you work for?

Mr. WEBER. Only for him.

Mr. HALLEY. What are you doing now?

Mr. WEBER. I say, working.

Mr. HALLEY. As a longshoreman?

Mr. WEBER. Yes, working as a longshoreman.

Mr. HALLEY. Where do you work now?

Mr. WEBER. I was working in the lumber yard, over there.

Mr. HALLEY. Where?

Mr. WEBER. 1162 Granner Street; we shape up there.

Mr. HALLEY. How long have you worked there?

Mr. WEBER. I tell you, in the late part of November.

Mr. HALLEY. How much do you earn there?

Mr. WEBER. Some weeks \$40; some weeks, \$50; some weeks, \$60.

Mr. HALLEY. Where do you live?

Mr. WEBER. 248 Warren Street, Brooklyn.

Mr. HALLEY. What street?

Mr. WEBER. Warren.

Mr. HALLEY. Are you married?

Mr. WEBER. I am separated from my wife.

Mr. HALLEY. Do you live alone?

Mr. WEBER. I live with this lady; I pay \$10 a week.

Mr. HALLEY. You pay rent?

Mr. WEBER. Yes, sir.

Mr. HALLEY. How long have you lived there?

Mr. WEBER. I been living in this house now for the last 2 years. But before, I live in 200 Court Street. And before Court Street, I live in 256 Pacific. My sister lives there.

Mr. HALLEY. Your sister has now gone back to Puerto Rico?

Mr. WEBER. Who, me?

Mr. HALLEY. Your sister?

Mr. WEBER. No, not my sister. My daughter is in Puerto Rico. They have property there.

Mr. SHIVITZ. How did you come here today?

Mr. WEBER. Well, I don't come here of my own volition.

Mr. HALLEY. How did you get here?

Mr. WEBER. How I get here?

Mr. HALLEY. Yes.

Mr. WEBER. By the subway.

Mr. HALLEY. Do you have an automobile?

Mr. WEBER. Yes; I do.

Mr. HALLEY. What kind of car do you have?

Mr. WEBER. 1947 Pontiac. Second-hand car that I bought.

Mr. WALSH. Is it in your name?

Mr. WEBER. Yes, sir.

The CHAIRMAN. When were you last in the numbers racket?

Mr. WEBER. I was in 1937.

The CHAIRMAN. But didn't you go back in it after you got out of the penitentiary?

Mr. WEBER. I went to work after I got out from the penitentiary, and I was working in a restaurant as a handyman. And I put there in the luncheonette. I came out in 1947, and I put there 6 months; I was on parole; plus 6 months more that I worked there. The restaurant is still there; you can check on that.

The CHAIRMAN. You haven't been in it since you got out of jail?

Mr. WEBER. No, sir. I have paid my income tax every year that I work, and this gentleman [indicating document previously handed to Mr. Walsh] have all the papers, the company I work, and everything. And in fact, he was the man of the Atlantic Ship Painting—

The CHAIRMAN. That is all. If we need you again, we will let you know.

Mr. WEBER. At 246 Warren; I am at your service.

Mr. HALLEY. You remain under subpena.

Mr. WEBER. The gentleman don't serve the subpena on me. I mean, I heard they were looking for me; I volunteer myself to meet him. (Mr. Weber thereupon left the hearing room.)

TESTIMONY OF GERALD CATENA, SOUTH ORANGE, N. J.

The CHAIRMAN. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CATENA. I do.

Mr. HALLEY. What is your address?

Mr. CATENA. 21 Overhill Road, South Orange, N. J.

Mr. HALLEY. What is your business address?

Mr. CATENA. 497 Raymond Boulevard.

Mr. HALLEY. What business are you in?

Mr. CATENA. Trucking.

Mr. HALLEY. What is the name of your company?

Mr. CATENA. Peoples.

Mr. HALLEY. Peoples what?

Mr. CATENA. Express.

Mr. HALLEY. How long have you been in the trucking business.

Mr. CATENA. About 4½ years.

Mr. HALLEY. Our men spent an awful long time looking for you. Where were you for the several months that the committee tried to find you?

Mr. CATENA. I was just roaming around. In the confusion, I was a little confused. My mind cleared up, so I thought I would——

Mr. HALLEY. You mean you were ducking the subpoena, in other words; is that what you mean?

Mr. CATENA. Well, in a way, you would say that I was, I was just in a state of confusion.

Mr. HALLEY. What were you confused about?

Mr. CATENA. Well, about the publicity, about the—it was about the Peoples Express, the publicity. It was about the publicity given.

Mr. HALLEY. You mean, you were afraid of the publicity?

Mr. CATENA. I wasn't afraid of anything. I was just confused.

Mr. HALLEY. You had certain things to fear: isn't that right?

Mr. CATENA. I did not.

Mr. HALLEY. One was publicity that might hurt the Peoples Express business; is that right?

Mr. CATENA. Well, the publicity was there.

The CHAIRMAN. You had a nice looking wife; she was up here. She couldn't find you at that time. She said she couldn't. So we are glad you have come back, and that you are here today.

Mr. HALLEY. Your business partner couldn't find you either; isn't that right?

Mr. CATENA. Yes.

Mr. HALLEY. You just ducked out?

Mr. CATENA. He couldn't find me.

Mr. HALLEY. You just ducked out of sight for a while; is that right?

Mr. CATENA. Yes.

Mr. HALLEY. Well, now, what other businesses have you besides the Peoples Express?

Mr. CATENA. I have awning business.

Mr. HALLEY. What is the name of that?

Mr. CATENA. The Cool Vent Metal.

Mr. HALLEY. Do you have any partners in the Cool Vent awning business?

Mr. CATENA. Yes, we have some partners.

Mr. HALLEY. Who are they?

Mr. CATENA. Mr. Brown——

The CHAIRMAN. All right, Mr. Catena, you know who your partners are. Let's tell us and get on with the statement.

Mr. CATENA. It was just organized. Mr. Dameo. Mr. Boiardo.

The CHAIRMAN. Spell that last name.

Mr. CATENA. B-o-i-a-r-d-o.

Mr. HALLEY. Who else?

Mr. CATENA. I think that's all. There might be a little minor point. I just don't remember it now. But I think that's all there is.

Mr. HALLEY. Have you any other business?

Mr. CATENA. I refuse to answer that one.

Mr. HALLEY. I refer to businesses today.

Mr. CATENA. I refuse to answer that question.

Mr. HALLEY. Let's put it this way: Do you have any other businesses today which are legitimate?

Mr. CATENA. I refuse to answer that question on the ground it might tend to incriminate me.

Senator TOBEY. Just talking together as two fellows here, here is a Senate committee trying to do a job. We don't know you from a hole in the ground; no bias against you; we just bring you in as a witness. We know you have something to tell us if you want to. Why don't you tell us just as you would three fellows in a grocery store in the country? Don't take refuge behind these things, and help us out in our job.

Mr. CATENA. I would love to help you out all I can.

Mr. HALLEY. Would you tell us how you could incriminate yourself by telling the committee about another legitimate business you might have? You have already mentioned two. If you have any others, why don't you tell the committee what they are.

Mr. CATENA. I refuse to answer that question on the ground it might incriminate me.

The CHAIRMAN. Counsel asked you whether you had any other legal or legitimate businesses. Do you refuse to answer that question?

Mr. CATENA. I refuse to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. You understand you are directed to answer that question. Do you still refuse?

Mr. CATENA. I refuse to answer on the same grounds.

The CHAIRMAN. All right. Go ahead, Mr. Halley.

We hate to get in trouble with you, we don't want to do you any harm. We don't want you to answer any question that is really going to violate your constitutional rights. But you start out in this uncooperative way; I am afraid we are going to have a hard time with you.

Mr. HALLEY. Do you know Willie Moretti?

Mr. CATENA. I do.

Mr. HALLEY. How long have you known him?

Mr. CATENA. I know him, oh, quite a number of years.

Mr. HALLEY. How many?

Mr. CATENA. Quite a number of years.

Mr. HALLEY. Have you ever been in business with Moretti?

Mr. CATENA. I refuse to answer that question on the ground it might tend to incriminate me.

Mr. HALLEY. Have you ever been in any——

The CHAIRMAN. You are ordered to answer the question. Do you refuse to——

Mr. CATENA. I refuse on the same grounds.

Mr. HALLEY. Have you ever been in a legitimate business with Moretti?

Mr. CATENA. I refuse to answer on the ground it might tend to incriminate me.

The CHAIRMAN. You are ordered to answer. Can we have it understood, then, Mr. Catena, that where you refuse to answer we will understand that you are refusing to answer on the grounds that it might tend to incriminate you; and that when you refuse, that then the chairman has ordered you to answer that question, and you still refuse?

Mr. CATENA. I understand you are ordering me to answer the question, and if I say I just refuse, it means that I am stating it tends to incriminate.

The CHAIRMAN. Yes; I know that. It will save a lot of time.

Mr. HALLEY. Did you ever take a trip with Willie Moretti?

Mr. CATENA. Yes.

Mr. HALLEY. Where to?

Mr. CATENA. I went to Habana with him.

Mr. HALLEY. When did you go to Habana with him?

Mr. CATENA. Oh, about 2 years ago, I believe.

Mr. HALLEY. How many?

Mr. CATENA. About 3 years ago.

Mr. HALLEY. Did you see Lucky Luciano there?

Mr. CATENA. Yes.

Mr. HALLEY. Did you talk to Luciano?

Mr. CATENA. I had dinner with him one night.

Mr. HALLEY. Was Moretti there?

Mr. CATENA. Yes.

Mr. HALLEY. Where did you have dinner?

Mr. CATENA. At the hotel.

Mr. HALLEY. What hotel?

Mr. CATENA. Nationale. I believe that is the name.

Mr. HALLEY. In whose room did you have dinner?

Mr. CATENA. We had it downstairs.

Mr. HALLEY. In the dining room?

Mr. CATENA. Yes.

Mr. HALLEY. Who was staying at the Nationale: was Luciano there, or were you there?

Mr. CATENA. I was there.

Mr. HALLEY. And Moretti?

Mr. CATENA. Moretti was there.

Mr. HALLEY. Did you see Luciano on any other occasion?

Mr. CATENA. I don't know.

Mr. HALLEY. How long have you known Luciano?

Mr. CATENA. Well, I haven't known him personally. I have seen him at different places around. I believe this was the first time I could really say I have known him.

Mr. HALLEY. Did you ever take any other trips with Moretti?

Mr. CATENA. Moretti, I met Moretti at different places. But I don't think I took a trip with him.

Mr. HALLEY. How did you happen to go to Habana with him to see Luciano?

Mr. CATENA. He asked me if I wanted to take a trip to Habana, and I thought I would take the trip.

Mr. HALLEY. How long were you down there altogether?

Mr. CATENA. Oh, I don't think it was more than 2 or 3 days.

Mr. HALLEY. Two or three days?

Mr. CATENA. I don't remember right now. I think it would be just 2 or 3 days.

Mr. HALLEY. While you were there you saw Luciano. Did you see anyone else?

Mr. CATENA. There was another fellow there.

Mr. HALLEY. Who was that?

Mr. CATENA. A fellow by the name of Vince.

Mr. HALLEY. Vangano?

Mr. CATENA. That is Mangano.

Mr. HALLEY. Was he at dinner with you and Moretti?

Mr. CATENA. Yes.

Mr. HALLEY. Anyone else?

Mr. CATENA. That's all. A couple of Cubans around. I don't know—I don't remember now.

Mr. HALLEY. I am sorry, I don't hear.

Mr. CATENA. There was a couple of Cubans, I think.

Mr. HALLEY. What was the discussion at dinner; was there any business talk?

Mr. CATENA. No; no business talked in front of me.

Mr. HALLEY. None whatsoever?

Mr. CATENA. No.

Mr. HALLEY. You say in front of you; was there a discussion at which you were not present?

Mr. CATENA. I wouldn't know.

Mr. HALLEY. Were you there during all the talk?

Mr. CATENA. No; I wasn't.

Mr. HALLEY. How did that occur; what happened?

Mr. CATENA. I just went about my business.

Mr. HALLEY. Before or after dinner?

Mr. CATENA. I went out; just went around out in the outside like any other visitor of Cuba.

Mr. HALLEY. Was Moretti with Luciano during all of the time that you were there?

Mr. CATENA. I don't know if he was with him all of his time or not. But I am just telling you the time that I was with him.

Mr. HALLEY. You were alone part of the time?

Mr. CATENA. Most of the time, I was there.

Mr. HALLEY. Where was Moretti when you were alone?

Mr. CATENA. Well, he would roam around. I couldn't say. I couldn't answer that.

Mr. HALLEY. But there were occasions when Moretti was with Luciano when you were not there, is that right?

Mr. CATENA. It could be.

Mr. HALLEY. Well, what was the situation?

Mr. CATENA. Well, I just couldn't say if he was with him or he wasn't. I just say it could be or it could not be.

Mr. HALLEY. Did he on any occasion tell you he was going to be with Lucky and that you should do anything else?

Mr. CATENA. No; he did not.

Mr. HALLEY. Why do you say it could be?

Mr. CATENA. I just imagine it could be.

Mr. HALLEY. How long have you known Longy Zwillman?

Mr. CATENA. Oh, 25 years.

Mr. HALLEY. Have you ever been in business with him?

Mr. CATENA. I refuse to answer that question.

Mr. HALLEY. During prohibition were you in the liquor business?

Mr. CATENA. I did not get that question.

Mr. HALLEY. During prohibition were you in the liquor business?

Mr. CATENA. On my own, as a bottle peddler.

Mr. HALLEY. You peddled bottles?

Mr. CATENA. Yes.

Mr. HALLEY. Were you in with anyone else?

Mr. CATENA. No.

Mr. HALLEY. Were you in with Zwillman?

Mr. CATENA. No.

Mr. HALLEY. Or Reinfeld?

Mr. CATENA. No.

Mr. HALLEY. When did you first meet Rutkin?

Mr. CATENA. I knew him quite a while. I just don't know when I met him. We all come from Newark. It could be a long time. I know the man a long time. I just don't know him, but on a "hello" basis a long time.

Senator TOBEY. Did you have any business relationships with Lucky Luciano?

Mr. CATENA. No, sir.

Senator TOBEY. You had no business relations?

Mr. CATENA. No, sir.

Mr. HALLEY. When you went down to see Lucky, did you take any money with you, other than traveling expenses?

Mr. CATENA. Just a couple of hundred dollars.

Mr. HALLEY. Did Moretti take any large sums of money?

Mr. CATENA. I don't know.

Mr. HALLEY. Do you know whether or not either you or Moretti took any money to Lucky?

Mr. CATENA. I don't know.

Mr. HALLEY. Did you see Mangano on any other occasions, except at the dinner?

Mr. CATENA. Yes; I saw him in Florida a few times.

Mr. HALLEY. No; I mean in Habana.

Mr. CATENA. No—I did not understand the question. When you say in Habana——

Mr. HALLEY. What is that?

Mr. CATENA. I did not understand the question.

Mr. HALLEY. Which question, the last?

Mr. CATENA. The last one.

Mr. HALLEY. When you were in Habana on the occasion you saw Lucky Luciano and Mangano, did you see Mangano only on the occasion of the dinner?

Mr. CATENA. No; he stayed at the hotel.

Mr. HALLEY. And you saw him from time to time at the hotel?

Mr. CATENA. I saw him from time to time.

Mr. HALLEY. Was Meyer Lansky there at that time?

Mr. CATENA. No, sir.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. CATENA. I do.

Mr. HALLEY. Have you ever had any business dealings with Meyer Lansky?

Mr. CATENA. I refuse to answer that question.

Mr. HALLEY. How did you happen to get into the Peoples Express?

Mr. CATENA. Mr. Dameo invited me in.

Mr. HALLEY. When was that?

Mr. CATENA. When we started, around 4½ years ago, I believe.

Mr. HALLEY. And what were the circumstances?

Mr. CATENA. He just invited me in, if I wanted to own part of the business.

Mr. HALLEY. He needed money, didn't he?

Mr. CATENA. Well, he needed my part of the money.

Mr. HALLEY. Well, how much money did you put in?

Mr. CATENA. I refuse to answer.

Mr. HALLEY. What?

Mr. CATENA. I refuse to answer that question.

Mr. HALLEY. Why did he ask you to get into it? You are not being cooperative. You might have just as well kept wandering around in a daze.

Mr. CATENA. He invited me in. He asked me if I could stand an investment and I said "Yes," and I invested some money.

Mr. HALLEY. He was running at the time?

Mr. CATENA. Peoples?

Mr. HALLEY. Yes.

Mr. CATENA. No.

Mr. HALLEY. He had some express company, did he not?

Mr. CATENA. Oh, yes.

Mr. HALLEY. He had previous experience in the trucking business?

Mr. CATENA. Yes.

Mr. HALLEY. And you had none; is that right?

Mr. CATENA. None.

Mr. HALLEY. He asked you if you wanted to make an investment?

Mr. CATENA. Yes.

Mr. HALLEY. Did he match your investment?

Mr. CATENA. Did he match mine?

Mr. HALLEY. Yes.

Mr. CATENA. He did.

Mr. HALLEY. With an equal amount?

Mr. CATENA. Well, it is matched up now.

Mr. HALLEY. Out of the profits?

Mr. CATENA. I don't know if it was out of the profits or he put it in.

Mr. HALLEY. But the fact is he needed some cash, didn't he, and you were in a position to provide it?

Mr. CATENA. I only put in my investment.

Mr. HALLEY. That was cash; wasn't it?

(No answer.)

Senator TOBEX. How much was the investment?

Mr. CATENA. I refuse to answer that question.

Mr. HALLEY. You put up some money; didn't you?

Mr. CATENA. I put up money; yes.

Mr. HALLEY. You put up money, and that is why he needed you; isn't that right?

Mr. CATENA. I did not know the business, so it must have been about the money.

Mr. HALLEY. That is right.

Mr. CATENA. Yes.

Mr. HALLEY. Have you been active in the business since then?

Mr. CATENA. Partially.

Mr. HALLEY. In what way is that?

Mr. CATENA. In a lot of ways, doing odd checking, it is a trucking business, and we do the usual checking, we do a transferring business, checking there evenings, I go out and try to spot trucks, and I did a lot of work there. I go in the office and try and do what I can.

Mr. HALLEY. Did you ever have anything to do—

The CHAIRMAN. Just a moment. Are you going to ask him about the Peoples Express?

Mr. HALLEY. I am going to.

Did you ever have anything to do with an offer made to represent the port authority trucking terminal in Newark?

Mr. CATENA. No, sir.

Mr. HALLEY. Do you know anything of such an offer?

Mr. CATENA. I knew about it when it broke.

Mr. HALLEY. What do you mean by that?

Mr. CATENA. Well, I knew about it when I read about it.

Mr. HALLEY. Where did you read about it and when?

Mr. CATENA. In the newspapers.

Mr. HALLEY. You mean when this committee was looking into it?

Mr. CATENA. Yes.

Mr. HALLEY. But prior to that, had you not made some offer to the port authority?

Mr. CATENA. I had not made any offer.

Mr. HALLEY. Had you discussed it with anybody?

Mr. CATENA. No.

Mr. HALLEY. You had no knowledge of it whatsoever?

Mr. CATENA. No; I had no knowledge of it.

Mr. HALLEY. Do you know any of the offices or members of local 478?

Mr. CATENA. I don't know anyone that I would say I would know. I know who they are. I saw them come in. I never had any business with them. Mr. Dameo had business with them. I couldn't tell you who they are. All I know that Mr. Collon is an officer.

Mr. HALLEY. How long have you known him?

Mr. CATENA. Well, to say I know him would be doing an injustice to him. I only know him as being an officer of the union.

Mr. HALLEY. Do you know Milton J. Litz?

Mr. CATENA. I know him about the same way, or less.

Mr. HALLEY. How did you meet Litz?

Mr. CATENA. Litz?

Mr. HALLEY. Yes.

Mr. CATENA. I don't believe I ever met him. I knew him to say "Hello" to by seeing him, being an officer of Peoples Express, I don't think I was properly introduced to him.

Mr. HALLEY. Do you know Anthony Casano?

Mr. CATENA. I know him to be an officer also.

Mr. HALLEY. Did you ever meet him?

Mr. CATENA. Just to say "Hello", that is about all.

Mr. HALLEY. Who introduced you to Casano?

Mr. CATENA. Well, you are in the trucking business, they are union officials, and you probably run into them at a barroom or a restaurant, or something like that, and either probably offer them a drink or they offer you a drink, and several things happen. I don't know any of these fellows personally.

Mr. HALLEY. Where did you meet Casano?

Mr. CATENA. I don't know if I ever met him. I saw him in a restaurant somewhere, I believe. I just cannot place it.

Mr. HALLEY. Now, at no time did you participate in an offer made to the port authority to rent that terminal?

Mr. CATENA. No; I did not, personally I did not.

Mr. HALLEY. You didn't even know an offer was being made by the People's Express?

Mr. CATENA. I did not know that.

Mr. HALLEY. You had no knowledge of that?

Mr. CATENA. I had no knowledge of that.

The CHAIRMAN. Didn't you discuss it with Mr. Damio?

Mr. CATENA. No; I have not.

The CHAIRMAN. What?

Mr. CATENA. He has not discussed it with me, to my knowledge.

Mr. HALLEY. Are you remaining in the Peoples Express business?

Mr. CATENA. Yes; I am still there.

Mr. HALLEY. What is the nature of the awning business? Is that a new one?

Mr. CATENA. That is a new business and it is going out right away.

Mr. HALLEY. You are dropping it?

Mr. CATENA. Well, we are curtailed on manufacturing. This is an aluminum product.

Mr. HALLEY. In other words, it is a metal awning?

Mr. CATENA. That is right.

Mr. HALLEY. And you are having trouble getting metal?

Mr. CATENA. We have a certain amount of days to finish up.

Mr. HALLEY. You are actually going out of business?

Mr. CATENA. Yes.

Mr. HALLEY. Now, have you ever had any business dealings with Rutkin?

Mr. CATENA. I refuse to answer that.

Mr. HALLEY. Did you ever participate in a business known as the G. & R. Trading Co.?

Mr. CATENA. I refuse to answer.

Mr. HALLEY. Have you ever been arrested?

Mr. CATENA. Yes.

Mr. HALLEY. On what offenses?

Mr. CATENA. I have been arrested several times.

Mr. HALLEY. For what?

Mr. CATENA. Well, the most recent one, I believe, was around 1933 or 1934, for trying to bribe a jury or a jurymen.

Mr. HALLEY. You were convicted, were you not?

Mr. CATENA. Or a possible jurymen.

Mr. HALLEY. You were convicted for bribing a Federal juror, were you not?

Mr. CATENA. A possible jurymen, or something like that. I was, yes.

Mr. HALLEY. And you were fined \$55 and sentenced to 3 months in jail?

Mr. CATENA. Yes.

Mr. HALLEY. What happened in that case?

Mr. CATENA. I tried to bribe the man, and we got arrested.

Mr. HALLEY. Why did you try to bribe him?

Mr. CATENA. Just trying to bribe him.

Mr. HALLEY. What kind of a case was he going to be a juror in?

Mr. CATENA. He was going to be a juror in, I think it was the Nick Delmore case.

Mr. HALLEY. Nick Delmore?

Mr. CATENA. Yes.

Mr. HALLEY. And what was that, what kind of a case was that?

Mr. CATENA. I don't know. I think there was an officer killed.

Mr. HALLEY. What?

Mr. CATENA. I think there was a prohibition officer killed, and he was tried for it.

Mr. HALLEY. A murder case?

Mr. CATENA. Yes.

Mr. HALLEY. He was acquitted?

Mr. CATENA. Yes.

Mr. HALLEY. And in connection with it you were convicted for bribing a juror, is that right?

Mr. CATENA. Yes.

Mr. HALLEY. Did that juror actually serve?

Mr. CATENA. No.

Mr. HALLEY. How long have you known Nick Delmore?

Mr. CATENA. I have known Nick Delmore about 20 years.

Mr. HALLEY. What business is he in?

Mr. CATENA. Nick Delmore?

Mr. HALLEY. Yes.

Mr. CATENA. I don't know.

Mr. HALLEY. He had a gambling place in Linden for one thing, didn't he?

Mr. CATENA. I don't know if it was his place.

Mr. HALLEY. Do you know of a gambling place in Linden?

Mr. CATENA. I have heard of it.

Mr. HALLEY. Have you been there?

Mr. CATENA. No.

Mr. HALLEY. What do you mean when you say you don't know if it was his place?

Mr. CATENA. I don't know whether it was his or not.

Mr. HALLEY. Do you know Johnny Becker?

Mr. CATENA. Johnny Becker?

Mr. HALLEY. Yes.

Mr. CATENA. No.

Mr. HALLEY. You never met Johnny Becker?

Mr. CATENA. No.

Mr. HALLEY. Do you know Joe Malstein?

Mr. CATENA. No.

Mr. HALLEY. Do you know Oscar Robey?

Mr. CATENA. No.

Mr. HALLEY. You never met them?

Mr. CATENA. I don't think so.

Senator TOBEY. May I interrupt just a minute, please?

The CHAIRMAN. Yes.

Senator TOBEY. Pardon me, but all I want to ask about is this: It isn't very often that we run into a man such as you who tried to bribe a juror in a case involving a murder, and you say you did do it, and you were convicted of it, so it must be true.

The point I make is that you come before us as a clean-looking chap, and we have seen your wife, and she impresses us as being a very sincere and fine woman, and here you stand in the prime of life and tell us that you were convicted for trying to do this, for trying to thwart justice by interfering with justice, and you try to bribe somebody to vote a certain way. What is your mental process? You are an American citizen?

Mr. CATENA. Yes, sir.

Senator TOBEY. You knew it was about the worst thing a man could do, to interfere with the natural course of justice in the jury system?

Mr. CATENA. Yes, sir.

Senator TOBEY. How can you justify yourself to Mr. Catena himself?

Mr. CATENA. I cannot justify it. I can just say I am sorry.

Senator TOBEY. It is one of those things that seems to be about the height of crime. It is about the most contemptible thing—and I don't say this with reference to you—but the crime itself is so contemptible and vicious, it strikes at the very heart and seat of justice.

Mr. CATENA. I have to agree with you.

Senator TOBEY. You understand that I am not saying this in a critical way, but it is such a horrid thing, I feel sorry for you, frankly, as man to man, because you have undoubtedly got brains and you have got a physique, and a personality, and you could go a long way, in my judgment, in legitimate business, and have the benefits that accrue to a man who is above reproach and has a wonderful family and all, and you could live in decent comfort and manifestly you are nervous, you said you were nervous about the subpena. Is it worth the candle of playing ducks and drakes and hide and seek with authority?

Mr. CATENA. It is not.

Senator TOBEY. What?

Mr. CATENA. It is not.

Senator TOBEY. Well, I am glad to have your testimony and I am sure you will find it out as time goes by.

The CHAIRMAN. How old are you now?

Mr. CATENA. Forty-nine.

The CHAIRMAN. This bribery thing happened in 1932?

Mr. HALLEY. 1934 was the conviction. I don't know. When did you do the thing?

Mr. CATENA. Probably either around 1933 or 1934.

The CHAIRMAN. That was 17 years ago?

Mr. CATENA. Yes, sir.

The CHAIRMAN. How much did you offer the man?

Mr. CATENA. I didn't have a chance to offer him anything.

The CHAIRMAN. You didn't get down to figures and facts?

Mr. CATENA. No.

The CHAIRMAN. Why does a fellow like you, if you don't mind us talking about it, and how does a fellow like you get started in this sort of underworld kind of business? Is it because of associates you have, or lack of education, lack of housing? What is it?

Mr. CATENA. Do you want my opinion?

The CHAIRMAN. Yes; I would be glad to have it.

Mr. CATENA. I think it is mostly lack of education.

The CHAIRMAN. Where were you born, for instance?

Mr. CATENA. I was born in Newark, N. J.

Senator TOBEY. Are your father and mother living?

Mr. CATENA. No; my mother died when I was 15 years old.

The CHAIRMAN. How much schooling do you have?

Mr. CATENA. I graduated school and went to night school for 2 years.

The CHAIRMAN. You graduated from high school?

Mr. CATENA. No; I graduated from grammar school and went to night school, high school, 2 years.

The CHAIRMAN. It is just the associates you had around, some way to find an easy way to make money, is that the way you got into it?

Mr. CATENA. I believe that is it.

The CHAIRMAN. Sir?

Mr. CATENA. I believe that is it, Senator. I went in business and am in business now and getting along fine, and I want to raise my children properly. I got all this publicity, and I got so confused. I made some nice associates, and then I could not keep on doing it. The publicity just knocked me out again.

The CHAIRMAN. Well, you got into things to make easy money?

Mr. CATENA. I know that; I have nobody else to blame but myself.

The CHAIRMAN. Sir?

Mr. CATENA. I have nobody else to blame but myself.

Mr. HALLEY. Well, you have testified—it is not that you have testified, but our records show that you were in the big gambling games in 1946, right to about 1948, 3 years ago.

Mr. CATENA. Yes.

Mr. HALLEY. And at least our records don't show that you were in after 1948. I assumed that you were trying to go straight, except that you have refused to answer certain questions about what you are doing today.

Mr. CATENA. I am sorry. I have to respectfully refuse to answer questions concerning my income.

Mr. HALLEY. I have not asked you about your income. You told us about Peoples Express. I just want you to know this, and you don't have to answer it, but the clear implication from your unwillingness to tell the committee all of your present businesses that even today you are not going straight, although you have at least one good business out of which Dameo is making a living.

Mr. CATENA. I am going to try it.

The CHAIRMAN. Have you got rid of all your illegal businesses?

Mr. CATENA. Yes, sir.

The CHAIRMAN. Then why do you mind telling us what other businesses you are in today?

Mr. CATENA. It concerns my—well, I will have to take my privileges, under my income taxes. I don't think I should answer those questions today.

The CHAIRMAN. All right, proceed.

Mr. HALLEY. Do you want to tell us how you got involved with Rutkin and the G. & R. partnership?

Mr. CATENA. I refuse to answer that.

Mr. HALLEY. How long have you known Joe Adonis?

Mr. CATENA. Joe Adonis?

Mr. HALLEY. Yes.

Mr. CATENA. I might know him about maybe 12 years or 10 years, something like that, when I was in Florida.

Mr. HALLEY. Where did you meet him in Florida?

Mr. CATENA. It was a place down there, I think they called it—well, it was some place down there. I don't remember the name, but I met him in a place.

Mr. HALLEY. Who introduced you to him?

Mr. CATENA. I don't remember.

Mr. HALLEY. Where did you stay when you went to Florida?

Mr. CATENA. Well, I had a little house down there, it might be 12 years ago, 12 years ago I believe it was about, I had a little bungalow down there.

Mr. HALLEY. You went down to Cuba with Moretti, and when you did, did he tell you that you were going to see Lucky when you left?

Mr. CATENA. No; he did not.

Mr. HALLEY. He just said, "Come on down for a few days"?

Mr. CATENA. He asked me if I wanted to take a trip to Havana.

Mr. HALLEY. And he did not mention Mangano?

Mr. CATENA. No.

Mr. HALLEY. Had you known Mangano previously?

Mr. CATENA. No.

Mr. HALLEY. Do you know Joe Profaci?

Mr. CATENA. No.

Mr. HALLEY. You don't know him at all?

Mr. CATENA. No.

Mr. HALLEY. Didn't you meet him at a wedding?

Mr. CATENA. I did not met him; no.

Mr. HALLEY. What do you know about the Mafia?

Mr. CATENA. About whom?

Mr. HALLEY. The Mafia.

Mr. CATENA. The Mafia?

Mr. HALLEY. Yes.

Mr. CATENA. Well, just what I read about it.

Mr. HALLEY. What do you know about the Black Hand?

Mr. CATENA. I don't know a thing about it.

Mr. HALLEY. Did you ever hear about the Black Hands?

Mr. CATENA. I have heard just what I read.

Mr. HALLEY. Did you ever hear about Black-Hand extortion letters?

Mr. CATENA. No, sir.

Mr. HALLEY. Do you believe there is such a thing as a secret society in the criminal field?

Mr. CATENA. Well, some people believe everything they read and some people make deductions. I don't know. It has never been brought out to me as if it is there. It might be there. I just couldn't answer it.

Mr. HALLEY. In your dealings with certain of these businesses, which I won't mention by name, was it your experience that conflicts were settled by some society, or by some people who seemed to have more authority than others?

Mr. CATENA. I don't know anything about that.

Mr. HALLEY. Oh, I don't have any other questions.

Mr. SHIVITZ. Mr. Catena, do you know Philip Zuchello?

Mr. CATENA. No.

Mr. SHIVITZ. Did you ever hear of him?

Mr. CATENA. The name does not mean anything to me at all.

Mr. SHIVITZ. Do you know Tommy Lucchese?

Mr. CATENA. Tommy, no, I don't know him.

Mr. SHIVITZ. Sometimes called or referred to as "Three-Fingered Brown."

Mr. CATENA. I just read about it yesterday.

Mr. SHIVITZ. But you never met him?

Mr. CATENA. I might have saw the gentleman, but I don't know him.

Mr. SHIVITZ. Do you know a lawyer in New Jersey by the name of Charles Handler?

Mr. CATENA. I know him to be a lawyer.

Mr. SHIVITZ. Have you——

Mr. CATENA. I know his brother.

Mr. SHIVITZ. Have you ever been to Handler's office in Newark?

Mr. CATENA. I might have been there 7 or 8 years ago.

Mr. SHIVITZ. What was your answer?

Mr. CATENA. I might have been there 7 or 8 years ago.

Mr. SHIVITZ. Do you know Frank Costello?

Mr. CATENA. Yes, I do.

Mr. SHIVITZ. How long have you known him?

Mr. CATENA. I have known Frank Costello, I would say, maybe 12 years or something like that.

Mr. SHIVITZ. Now, were you ever in any business dealings with him?

Mr. CATENA. No.

Mr. SHIVITZ. Never?

Mr. CATENA. No.

The CHAIRMAN. What did you say?

Mr. CATENA. Never. I was not.

The CHAIRMAN. Did you own stock in companies he owned stock in?

Mr. CATENA. No; I don't.

The CHAIRMAN. Or did you?

Mr. CATENA. Never did; no.

Mr. SHIVITZ. Now, with respect to Mr. Rutkin, the committee has information that at one time you and he were associated together in a business, and in the course of that relationship he came to you and told you he wanted out, do you recall that?

Mr. CATENA. I refuse to answer that question.

Mr. SHIVITZ. Were you ever associated with—do you know the Automatic Conveying Corp.?

Mr. CATENA. No.

Mr. SHIVITZ. I am sorry, it is the Automotive Conveying Corp.

Mr. CATENA. Automotive?

Mr. SHIVITZ. That is right

Mr. CATENA. That is the one connected with Joe Adonis, or Joe Doto?

Mr. SHIVITZ. Do you know of the company?

Mr. CATENA. I know of it, yes, what I read about it. I don't know anything further.

Mr. SHIVITZ. Have you ever had any business dealings with them?

Mr. CATENA. Never.

Mr. SHIVITZ. When did you last see Frank Costello?

Mr. CATENA. I saw him yesterday.

Mr. SHIVITZ. Previous to that when did you last see him?

Mr. CATENA. I don't know, several days ago I saw him in New York some place. I just run into him.

Mr. HALLEY. Where did you run into him?

Mr. CATENA. Well, in one of the cafes around here, I stopped in for a drink.

Mr. HALLEY. Where?

Mr. CATENA. I don't even remember which one now.

Mr. SHIVITZ. You don't know where you met him?

Mr. CATENA. I just don't remember what place we were in.

Mr. SHIVITZ. Was it uptown or downtown?

Mr. CATENA. Uptown somewhere.

Mr. SHIVITZ. Was it Dinty Moore's?

Mr. CATENA. No.

Mr. SHIVITZ. Was it at the Copacabana?

Mr. CATENA. No.

Mr. SHIVITZ. Was it at the Madison Hotel?

Mr. CATENA. No.

Mr. SHIVITZ. Were you ever to the Madison Hotel with Costello?

Mr. CATENA. I was there a few times.

Mr. SHIVITZ. With Costello?

Mr. CATENA. I just met him there.

Mr. SHIVITZ. You met him there?

Mr. CATENA. Yes.

Mr. SHIVITZ. Did you have a drink with him?

Mr. CATENA. Yes.

Mr. SHIVITZ. Did you have dinner with him?

Mr. CATENA. No.

Mr. SHIVITZ. Where did you have dinner with him?

Mr. CATENA. In Moore's with him.

Mr. SHIVITZ. And is it not a fact that you have an interest in the Automotive Conveying Corp.?

Mr. CATENA. I do not.

Mr. SHIVITZ. You do not?

Mr. CATENA. No.

Mr. SHIVITZ. Did you ever?

Mr. CATENA. Never.

Mr. SHIVITZ. Did you ever receive any income from that organization, that corporation?

Mr. CATENA. Never.

Mr. HALLEY. Now, where did you see Costello in the last few days?

Mr. CATENA. I just don't remember. I seen him some place.

Mr. HALLEY. Who were you with when you saw Costello?

Mr. CATENA. I was by myself.

Mr. HALLEY. Who was with him?

Mr. CATENA. He was by himself.

Mr. HALLEY. You were both wandering around bars alone?

Mr. CATENA. That is right.

Mr. HALLEY. You don't expect anybody to believe that, do you?

Mr. CATENA. Well——

Mr. HALLEY. Did you have an appointment to see him?

Mr. CATENA. No; I did not.

Mr. HALLEY. Had he gotten word to you that he wanted to see you?

Mr. CATENA. No.

Mr. HALLEY. Had you gotten word to him that you wanted to see him?

Mr. CATENA. No, no; I did not.

Mr. HALLEY. Was it at the Waldorf?

The CHAIRMAN. The barber shop?

Mr. CATENA. No; it was not there.

Mr. HALLEY. How long was it?

Mr. CATENA. Several days ago, maybe longer, I don't know. I ran into him somewheres the last time I seen him, I just cannot place it.

Mr. HALLEY. Was it at a bar?

Mr. CATENA. It was at a bar somewhere.

Mr. HALLEY. When were you last in New York? Do you come here frequently?

Mr. CATENA. Not so often.

Mr. HALLEY. Was it on your last trip to New York?

Mr. CATENA. Well, no; my last trip was yesterday.

Mr. HALLEY. Prior to that.

Mr. CATENA. Prior to that it was about a week ago, 10 days ago, or something like that.

Mr. HALLEY. Was it the last time you were in New York that you saw him?

Mr. CATENA. Yes; I believe it was.

Mr. HALLEY. What were you here for?

Mr. CATENA. I was here, I was going to see a show.

Mr. HALLEY. What show?

Mr. CATENA. I will tell you the theater, it is over on Broadway between Fifty-first and Fifty-second, what is the name of the show there, it used to be the old Hollywood Theater, it is a Damon Runyon Theater, is it?

Mr. HALLEY. A movie show?

Mr. CATENA. No; it is a play.

Mr. HALLEY. Did you go with somebody?

Mr. CATENA. With my wife.

Mr. HALLEY. And you met Costello before you went to the show or after?

Mr. CATENA. Before I went to the show. I just came in and had a drink somewheres, and he happened to walk in.

Mr. HALLEY. Did you go somewhere to dinner that night before the show?

Mr. CATENA. I went with my wife.

Mr. HALLEY. To dinner?

Mr. CATENA. Yes.

Mr. HALLEY. Where did you have dinner?

Mr. CATENA. I believe it was at the Quo Vadis.

Mr. HALLEY. At the Quo Vadis.

Mr. CATENA. Yes.

Mr. HALLEY. Did you meet anybody there?

Mr. CATENA. No.

Mr. HALLEY. What did you do, leave your wife then and go some place for a drink by yourself?

Mr. CATENA. No; we went to dinner, we went to see the show and then went home.

Mr. HALLEY. What time did you see Costello, before dinner or after?

Mr. CATENA. It must have been about 5:30. My wife was shopping and was supposed to meet us at 6 o'clock.

Mr. HALLEY. Where did you have the drink, at the Quo Vadis, perhaps?

Mr. CATENA. No; it was not there.

Mr. HALLEY. Well, where was it?

Mr. CATENA. I don't know. It might have been in the Park Avenue there. I met my wife; I met her in the lobby of the Savoy-Plaza, and I think I was across the street having a drink.

Mr. SHIVITZ. Do you know Irving Sherman?

Mr. HALLEY. Wait just a moment. What did you talk to Costello about?

Mr. CATENA. Oh, he always kids me about my golf.

Mr. HALLEY. You just talked about golf?

Mr. CATENA. Golf; that was about all.

Mr. HALLEY. Anything else?

Mr. CATENA. No; not in particular.

Mr. SHIVITZ. Do you know Irving Sherman?

Mr. CATENA. I don't think so.

Mr. SHIVITZ. Do you know David Charnay?

Mr. CATENA. No, sir; I don't think so.

Mr. SHIVITZ. What was your answer?

Mr. CATENA. I don't think so. I don't know him; I don't think.

Mr. SHIVITZ. Can you recall the occasion of your visit to Handler's office.

Mr. CATENA. That was several years ago.

Mr. SHIVITZ. Who was the lawyer when you formed the People's Express Co.?

Mr. CATENA. I could not tell you right now; I don't know.

Mr. SHIVITZ. Would you say whether or not it was Mr. Handler?

Mr. CATENA. No.

Mr. SHIVITZ. It was not?

Mr. CATENA. No.

The CHAIRMAN. Are you going to take much longer with him?

Mr. SHIVITZ. I am through.

The CHAIRMAN. Senator Tobey, do you have any questions?

Senator TOBEY. Just one question: Did you and Mr. Costello talk about these hearings?

Mr. CATENA. About these hearings?

Senator TOBEY. Yes.

Mr. CATENA. It might have been just mentioned. This hearing is very popular.

Senator TOBEY. What did he say about the hearings?

Mr. CATENA. Well, just general talk, nothing in particular about it. Senator TOBEY. That is all.

The CHAIRMAN. What other convictions have you had?

Mr. CATENA. I have had one for receiving stolen goods, and one I had a scrap with an officer.

The CHAIRMAN. You had what else?

Mr. CATENA. I had a little scrap with an officer going back maybe 30 years.

The CHAIRMAN. Do you draw a salary for the People's Express?

Mr. CATENA. I do.

The CHAIRMAN. As vice president, or what is your official title?

Mr. CATENA. Vice president.

The CHAIRMAN. How much is your salary?

Mr. CATENA. I refuse to answer that question.

Mr. HALLEY. How much?

Mr. CATENA. I refuse to answer that question.

The CHAIRMAN. All right. Well, Mr. Catena, you will remain under subpoena, and when we want you again we will let you know.

Mr. CATENA. Thank you.

The CHAIRMAN. By the way, is the People's Express unionized?

Mr. CATENA. Yes.

The CHAIRMAN. The drivers are members of a union?

Mr. CATENA. That is right.

The CHAIRMAN. It is unionized all the way through?

Mr. CATENA. Yes.

The CHAIRMAN. What union are they in?

Mr. CATENA. 478.

The CHAIRMAN. 478?

Mr. CATENA. Yes.

The CHAIRMAN. How many drivers do you have?

Mr. CATENA. Well, we have around 43, 44, or 45 drivers, something like that.

The CHAIRMAN. How many trucks do you have?

Mr. CATENA. About the same amount.

The CHAIRMAN. 43 or 44, some where around in there?

Mr. CATENA. About that.

The CHAIRMAN. All right.

(Witness excused.)

The CHAIRMAN. Who will be the next witness?

Mr. HALLEY. It will be Miss Anna Paris.

The CHAIRMAN. Senator Tobey, will you swear the witness, please?

Senator TOBEY. Will you raise your right hand and be sworn, please?

Miss PARIS. Just wait a minute, please.

(Witness removes outer clothing.)

Senator TOBEY. Now will you please stand and be sworn.

Do you solemnly swear the testimony you give this committee will be the whole truth, and nothing but the truth, so help you God?

Miss PARIS. Yes.

TESTIMONY OF ANNA Z. PARIS, BROOKLYN, N. Y.

Mr. LAZARUS. Will you give your name to the reporter, please?

Miss PARIS. Anna Z. Paris.

Mr. LAZARUS. Where do you live?

Miss PARIS. On Schirmerhorn Street, Brooklyn, N. Y.

Mr. LAZARUS. What do you do for a livelihood?

Miss PARIS. I am on the secretarial staff of the mayor's office.

Mr. LAZARUS. How long have you been there?

Miss PARIS. Approximately 4 years.

Mr. LAZARUS. What did you do before that?

Miss PARIS. I was on the secretarial staff at the district attorney's office in Kings County.

Mr. LAZARUS. Did you have any particular duties there?

Miss PARIS. Over a period of time; yes.

Mr. LAZARUS. Will you tell us what they were, please?

Miss PARIS. Hearing stenographer, grand jury stenographer, and secretary.

Mr. LAZARUS. Were you also assigned as a secretary to any particular person while there?

Miss PARIS. From time to time; yes.

Mr. LAZARUS. To whom?

Miss PARIS. How far back would you like?

Mr. LAZARUS. Any time. Give us a general description of what you did, and who you worked for while in that office.

Miss PARIS. Mr. Loughran, Mr. Moran, Mr. Morehead, and Mr. O'Dwyer.

Mr. LAZARUS. You came to the city hall at about what time, what date?

Miss PARIS. In March of 1947, to the best of my recollection.

Mr. LAZARUS. How did you happen to go there?

Miss PARIS. I was appointed by Judge O'Dwyer.

Mr. LAZARUS. It was not through the intercession of any person, it was simply that Mayor O'Dwyer sent for you and said, "I want you to work in this office"?

Miss PARIS. So far as I know, Judge O'Dwyer appointed me, that is all.

Mr. LAZARUS. When you say he appointed you, did you take an oath, or did you do some particular act? Did he send for you?

Miss PARIS. Yes; I was appointed—excuse me—I don't think I am sure that I understand your question.

Mr. LAZARUS. I just want to know how you got to the city hall. Did anyone tell you that you were going? Did the mayor tell you he wanted you to come over there, and when you got there what happened? Were you told that this was to be your new job, or were you told before you got there?

Miss PARIS. I don't recall the details, but I do know that I was sworn in. Is that what you want to know? I was sworn in.

Mr. LAZARUS. I want to know something just a little more. Just relax. This is all in a friendly way.

Miss PARIS. Well, I want to answer you very clearly, and have it accurately, and certainly truthful, and I don't want to say anything—I am afraid I don't understand. Do you want the mechanics of what happened?

Mr. LAZARUS. Yes; I want to know who told you that you were going to the city hall. Did you get a notice, did somebody telephone you, or how did it happen?

MISS PARIS. I don't think I can answer that exactly.

MR. LAZARUS. Well, generally.

MISS PARIS. I can tell you that I went over to Arthur Walker's office. He was the chief clerk at city hall.

MR. LAZARUS. Who sent you?

MISS PARIS. I don't know about anybody sending me.

MR. LAZARUS. How did you learn he wanted to see you over there?

MISS PARIS. Actually, I don't know.

MR. LAZARUS. You mean you just had an inspiration, you went to the city hall and were sworn in, or got a job? You don't want us to believe that, do you?

MISS PARIS. I am sorry. I don't know how to explain it differently. I don't recall exactly, but as a matter of fact I think there was something in the newspaper about it, too. Actually, I went over to Arthur Walker's office, and I was told to wait.

MR. LAZARUS. That is where you go when you go to the city hall.

MISS PARIS. I was told to wait. I think there was some confusion.

MR. LAZARUS. Yes; there generally is. Let us be a little more specific, Miss Paris. Just give us your best recollection of who told you to report at city hall. How did you get word you were to go there?

MISS PARIS. My best recollection is that Judge O'Dwyer's office, or Mayor O'Dwyer's office called.

MR. LAZARUS. They telephoned to you?

MISS PARIS. I cannot say that as a fact. I am giving you that as my best recollection.

MR. HALLEY. May I ask a question?

MR. LAZARUS. Yes.

MR. HALLEY. Did you apply for a job at the city hall?

MISS PARIS. No, sir.

MR. HALLEY. Were you offered a job at the city hall?

MISS PARIS. Well, if you call that an offer; yes. I was told Judge O'Dwyer wanted me.

MR. HALLEY. Who told you that?

MISS PARIS. That I don't know.

MR. HALLEY. Somebody called you?

MISS PARIS. I think it was a telephone call, but I cannot say that. That has been a number of years ago.

MR. HALLEY. And somebody called you from the city hall?

MISS PARIS. That is right.

MR. HALLEY. Thank you.

SENATOR TOBEY. Now, Madam Witness, as a matter of fact, Mr. Moran arranged for this job for you and notified you, didn't he?

MISS PARIS. I don't know that.

SENATOR TOBEY. He told you about it?

MISS PARIS. I don't know about that.

SENATOR TOBEY. He told you he had recommended you?

MISS PARIS. I don't know that.

SENATOR TOBEY. Didn't he tell you that?

MISS PARIS. I cannot answer that.

SENATOR TOBEY. Did he not talk with you about it?

MISS PARIS. I don't know.

SENATOR TOBEY. When did you see Mr. Moran last?

MISS PARIS. I haven't seen Mr. Moran in something like 3 years, approximately 3 years.

Senator TOBEY. Three years.

Miss PARIS. Yes.

Mr. LAZARUS. How long a lease have you at the address you live at now?

Miss PARIS. How long a lease?

Mr. LAZARUS. Yes.

Miss PARIS. Well, I have been there some 11 years, maybe 12.

Mr. LAZARUS. Did you sign a lease there?

Miss PARIS. Yes; but that was many years ago. I don't remember.

Mr. LAZARUS. The lease is in your name?

Miss PARIS. Yes, yes.

Mr. LAZARUS. Are you assigned to anyone in particular at the city hall at this time?

Miss PARIS. Yes.

Mr. LAZARUS. Who?

Miss PARIS. Mr. Kingsbury.

Mr. LAZARUS. What is his job?

Miss PARIS. Assistant deputy treasurer—excuse me—assistant deputy mayor.

Mr. LAZARUS. At the time you were in the city hall, or, rather, in the district attorney's office, there was a question about some records that had disappeared. Can you tell us something about that?

Miss PARIS. I will tell you everything I know. However, you must remember that this was a number of years ago.

Mr. LAZARUS. Give us your best recollection.

Miss PARIS. Yes; I will give you my very best recollection.

As I recall, Mr. Beldock question me about some empty files that were found in one of the rooms in the district attorney's office that was occupied when he came in by Mr. Moran and myself. I told him at the time, and this is the same thing I am telling you, I am trying to remember exactly the truth as it is, but I told Mr. Beldock the absolute truth, too, although I don't know whether he believed me or not. It was the truth at the time, and it is the truth today. I don't know anything about the files, anything about things being missing from those files.

Later on I understood he had been referring to some small drawer that was on top of some filing cabinet, that I had no knowledge whatever of. At the time I thought he was talking about this four-drawer cabinet, which had nothing in it at all when we moved into that room, and by "we," I mean Mr. Moran and myself.

Mr. LAZARUS. You were then acting as his secretary?

Miss PARIS. That is right.

Mr. LAZARUS. How did the subject of missing records come to your notice?

Miss PARIS. Mr. Beldock questioned me.

Mr. LAZARUS. Is it not a fact that you had a discussion with Mr. Moran in a place at Court and Pacific, or Atlantic, in relation to these files, just before this discussion about their being missed, or about that time? Did you ever discuss that matter with Mr. Moran?

Miss PARIS. Absolutely never, never.

Mr. LAZARUS. You never discussed any missing records?

Miss PARIS. No, sir.

Mr. LAZARUS. You were questioned about missing records by whom?

Miss PARIS. By Mr. Beldock.

Mr. LAZARUS. And you were Mr. Moran's secretary at the time?

Miss PARIS. That is right.

Mr. LAZARUS. You never mentioned it to him?

Miss PARIS. No, sir.

Mr. LAZARUS. That would be unusual, wouldn't it?

Miss PARIS. No; it would not be unusual, because I don't think you have got the story straight.

Mr. LAZARUS. Well, give it to us, then.

Miss PARIS. From the way you are talking, I know that you do not have the facts straight, or you wouldn't think that that was ridiculous.

Mr. LAZARUS. Well, please straighten us out on this.

Miss PARIS. How do you expect me to straighten it out? How do you think I feel? You don't know the story about Beldock. You don't know what injustice and what an unfair thing it was. Isn't it bad enough after 4 years, to have the newspapers with my name in them. How do you think I feel? I know Beldock was looking for publicity so that he could run to be a miserable district attorney, and he didn't care whose body he stepped over in doing it.

I didn't have the nerve or the energy or the strength to sue him, so I let it ride. This is very distasteful. You must know how embarrassing and how humiliating this all is.

Why don't you call Beldock in, and get the story from him? Why was I dragged into a thing like this? For what reason? The thing is ridiculous. Apparently no one else told you the story, why do you want it from me, the least of all? Why don't you bring Turkus in, and Beldock, and Louis Joseph, and find out from them the kind of conspiracy they went through to gain a miserable election? Anybody stooping so low as to do that should be called in to face the facts, and I for one would like to face Mr. Beldock at a place like this and find out why he did what he did. They get the headlines, and when they find out there is nothing there, they don't bother exculpating you.

Who will explain to my new bosses that this thing is ridiculous to bring me in here? For what?

Mr. LAZARUS. Well, we feel as keenly as you do about it.

Miss PARIS. Oh, no; you can't feel as keenly as I do about it.

Mr. LAZARUS. Don't you think this would be a good opportunity to clear the record and give the truth that you say was never gotten to before? Wouldn't this be just the opportunity?

Miss PARIS. The truth? This is not a question of getting at the truth, this is a question of unraveling what amounts to a stupidity so gross that I cannot even explain it. I could not very well—well, to get back to your question—I am sorry if I am rushing you, Mr. Reporter, I know how that feels.

Mr. LAZARUS. Go ahead.

Miss PARIS. Mr. Beldock, at the time he questioned me about the empty files, Mr. Moran was not in the office at that time. He was no longer a part of the office. He was no longer an employee in that office. He had nothing to do any longer with the district attorney's office.

I was a civil servant, so I stayed there because of my civil-service status. Administrations came and went while I was there. It made no difference.

Therefore, the fact that I remained had nothing to do with the filing cabinet one way or another, and the fact that Mr. Moran went had nothing to do with the filing cabinet one way or another, and when Mr. Beldock questioned me there was no point nor any reason for ever having met Mr. Moran, at any fictitious or nonfictitious corner. I don't know what you are referring to when you say Court and Atlantic or Court and Pacific. Why should I meet him anywhere?

Mr. LAZARUS. That is what we are trying to find out.

Miss PARIS. He was no longer a part of that office.

Mr. LAZARUS. We understand that.

Miss PARIS. Why would I talk with him about it?

Mr. LAZARUS. We want to find out. This committee is interested in a matter which we consider to be important, and that is, missing records, public records.

Now, if that is not important, will you tell us what is?

Miss PARIS. Do you honestly believe there were missing records? Do you think Mr. Beldock, or do you not think that Mr. Beldock might just have used that as an excuse? How many excuses did he use? Did you investigate the rest of the things that Mr. Beldock used in order to get headlines, and everybody sat and suffered and took it, and nobody bothered to sue him later on it?

Mr. LAZARUS. Is that all you have to say about the story of the missing records?

Miss PARIS. I will say anything, I will answer any question you want to put to me, but so far as I am concerned there was no such thing as a missing record in my office, in my file cabinet, while I was there. And I told that to Mr. Beldock. I told him that there were no records of any kind in that file cabinet. We had just moved into that room. It was a new room and we took over. I made that very clear to him.

He made sure to do nothing about it afterward, and he knows that I was telling the truth. He knows that today, too, but he hasn't done anything about it.

The CHAIRMAN. Well, that answers the question about the missing records. Let's pass on. Is there anything else you have?

Mr. LAZARUS. The next thing I would like to ask, there was some disciplinary action taken at that time. What was that for?

Miss PARIS. That is a matter of record. I didn't pay any attention to it, actually. I don't even remember the things.

Mr. LAZARUS. You were disciplined, were you not?

Miss PARIS. He suspended me for 3 months; yes.

Mr. LAZARUS. Three months or 60 days, which was it?

Miss PARIS. It was 3 months, and then I asked that it be changed to 2 months, because legally I understand you are not supposed to suspend anybody for 3 months. I went in for that third month every morning at 9 o'clock, and I signed the book, and still the corporation counsel would not O. K. it, and I was still suspended for the 3 months. I did not get any back pay for that 1 month's pay. That is another thing that is still coming to me.

Mr. LAZARUS. Do you bank your money?

Miss PARIS. Yes, I do.

Mr. LAZARUS. Where do you bank it?

Miss PARIS. Well, I never did bank any until I got this job with a fairly decent salary.

Mr. LAZARUS. What job?

Miss PARIS. I beg your pardon?

Mr. LAZARUS. What job is that?

Miss PARIS. At the city hall, the mayor's office.

Mr. LAZARUS. At the city hall?

Miss PARIS. Yes. I did not bank any before that.

Mr. LAZARUS. Where do you bank?

Miss PARIS. At the Emigrants Industrial on Chambers Street.

Mr. LAZARUS. The Emigrants Industrial?

Miss PARIS. Yes.

Mr. LAZARUS. At Chambers Street?

Miss PARIS. That is right.

Mr. LAZARUS. Do you have any other bank accounts?

Miss PARIS. I?

Mr. LAZARUS. Yes.

Miss PARIS. No. There is another bank account which happens to be in my name, but that is not mine. I have a situation there which I will be very glad to explain to you, so any time in the future you don't think I have lied to you. There is nothing in this world to me worth lying about. I don't lie to anybody, let alone at a time like this.

It so happens that I have a boy who does not know the value of money. I allowed him to start a savings account near our home in the Fulton Savings Bank, and at the first opportunity, the few hundred dollars, it didn't amount to much, that he had in the bank, it was gone. Some other boy had talked him into spending it for something.

I went over to the Fulton Savings Bank, and I spoke to the people who opened the account. He was with me, and I asked them was there some way we could open a bank account so that Dan, that is my son, could not take the money out unless I O. K.'d it. They said the only way we could do that was we could not have a joint account, and the only way we could do that would be to have it in my name, in trust for him. That is the way I have it. That account is in the Emigrants Bank.

Mr. LAZARUS. And those are the only two accounts you have?

Miss PARIS. Let me explain it all so you don't come back later with anything.

Dan has been playing basketball, and he gets paid so much a game. That is in the evening. He is in college during the day. He has only been doing this recently. Every time he gets paid he gives me his money, and I put it in that bank for him, so you will find, if you care to investigate, it is only in the past year or so, but it has come to several hundreds of dollars. As a matter of fact, it might be a thousand or a little over that. I didn't even look at it, until I got money from him to put in there every now and then, and every now and then if it is his birthday or Christmas, I might give him \$25 as a present, and that goes in. That is in my name in trust for him, but that is his account, and I would not draw a penny from it if I died, and he knows that, he trusts me.

Mr. LAZARUS. You have just two bank accounts?

Miss PARIS. I don't want you to call it mine. I can bring the bank people here to tell you that it is his. That is his money. I wouldn't touch that if I was sick and dying.

Mr. LAZARUS. Well, you have a trust account for your son, Dan, and you have your own account in Emigrants.

Miss PARIS. Yes; that is mine in the Emigrants; yes, sir.

Mr. LAZARUS. You have no other depositories where you keep anything of value?

Miss PARIS. I have nothing. I pay \$45 a month rent for a two-and-a-half-room apartment that I have had for the last 11 or 12 years. I have raised two children of my own. I have done it alone. I have no jewelry, no property, no stocks, I have no bonds, I have no money, and I wait every 2 weeks for my check to come in in order to be able to pay my current bills. I have no money whatsoever. That is why this is such an outrage.

Mr. LAZARUS. That is an answer. I have no further questions, Senator.

The CHAIRMAN. Are there any further questions?

Senator TOBEY. No.

The CHAIRMAN. Mr. Halley?

Mr. HALLEY. No.

The CHAIRMAN. Mr. Walsh?

Mr. WALSH. Miss Paris, do you know an individual by the name of Louis Weber?

Miss PARIS. Louis Weber? No. Is he anybody supposed to be working with me?

Mr. WALSH. No. This man is a friend of Mr. Moran's, or an acquaintance, I should say.

Miss PARIS. Not that I know of. I knew everybody in the district attorney's office, and I knew everybody in the mayor's office.

Mr. WALSH. He is just Louis Weber, a Puerto Rican, I believe.

Miss PARIS. No.

Mr. WALSH. You never saw him visit——

Miss PARIS. I never heard the name before.

Mr. WALSH. And you never saw him visit Mr. Moran while you and Mr. Moran shared an office in the district attorney's office?

Miss PARIS. No; and let me explain something, when you talk about sharing an office with Mr. Moran, that arrangement lasted only a very short time. As you know, that district attorney's office——

Mr. WALSH. Just a moment. If you saw him, you tell me; if you did not, then you tell me that you did not.

Miss PARIS. That is "No" to that, but while you are on the other subject about sharing an office, you are interested in finding out the facts, aren't you?

Mr. WALSH. Miss Paris——

Mr. HALLEY. No; let her answer. Go ahead.

Miss PARIS. The situation, when Mr. Moran and I shared an office in the district attorney's, was for a very, very short part of the time that I was employed in the district attorney's office. It was a very short time. I don't want you to think that this was a continuing thing over a period of years, or even a year. I think it was only a matter of months, as a matter of fact.

Mr. WALSH. I did not suggest that at all.

Mr. HALLEY. Is Paris your maiden name?

Miss PARIS. Paris is my maiden name. I have a Supreme Court order which gives me the right to use it.

Mr. HALLEY. What was your married name?

Miss PARIS. Finn.

Mr. LAZARUS. You said your initial was "Z"?

Miss PARIS. Yes; Anna Z. That is Italian, Anna Zorano.

The CHAIRMAN. Thank you very much.

Miss PARIS. You are welcome. I feel better now that I have told you of the situation.

The CHAIRMAN. Do you want to tell us anything else?

Miss PARIS. I felt that Mr. Beldock used me innocently—that is, I was the innocent victim, and then he did nothing about it afterward, which he should have done, and when he suspended me for the 3 months it was absolutely an outrage. I did not want to embarrass O'Dwyer, who had become mayor. It just involved a small fry. What difference does it make? I went to the corporation counsel with that thing, and instead of getting my month's pay back, I had to pay some \$30 or something for having brought the action in the first place, and now that it has died for 3 years, if this thing is put in the papers, and my name comes out, remember, I have children, I have a family, and I have an office to which I am very much attached. I have become very interested in these people. They are a wonderful group. They have been so nice to me, and now all this has to come out again. For what?

The CHAIRMAN. I don't think you need worry about it.

Miss PARIS. If it is in the papers I have to worry about it. You see, that is not fair at all. I mean, before you call people here you should have the background and know exactly whether those people are important to you, not because a Beldock happens to come along and tosses your name into a paper, and throws up a smoke screen. That is not fair.

The CHAIRMAN. All right. Thank you very much.

Miss PARIS. You are quite welcome.

(Witness excused.)

The CHAIRMAN. Who are you going to call next?

Mr. HALLEY. We will call Mr. Anastasia.

The CHAIRMAN. Come around here to that chair, Mr. Anastasia. Now, will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth, and nothing but the truth, so help you God?

Mr. ANASTASIA. Yes.

The CHAIRMAN. All right, gentlemen, let's get down to the matter here. Who is going to question Mr. Anastasia?

Mr. HALLEY. I am.

The CHAIRMAN. Proceed.

TESTIMONY OF UMBERTO (ALBERT) ANASTASIA, PALISADES, N. J.

Mr. HALLEY. What is your full name?

Mr. ANASTASIA. Umberto Anastasia.

Mr. HALLEY. How old are you?

Mr. ANASTASIA. 47.

Mr. HALLEY. Where were you born?

Mr. ANASTASIA. Italy.

Mr. HALLEY. When did you first come to this country?

Mr. ANASTASIA. 1917.

Mr. HALLEY. 1917?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Are you a citizen?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. When did you become a citizen?

Mr. ANASTASIA. 1943.

Mr. HALLEY. Where did you live when you first came to this country?

Mr. ANASTASIA. Brooklyn.

Mr. HALLEY. How long have you lived in Brooklyn?

Mr. ANASTASIA. I would say about 29 years.

Mr. HALLEY. Where do you live now?

Mr. ANASTASIA. Jersey.

Mr. HALLEY. Where, at what address?

Mr. ANASTASIA. Palisade.

Mr. HALLEY. Do you have any particular address?

Mr. ANASTASIA. Yes, 75 Bluff Road.

Mr. HALLEY. Bluff Road?

Mr. ANASTASIA. Yes.

Mr. HALLEY. When did you move to Jersey?

Mr. ANASTASIA. 1947.

Mr. HALLEY. 1947?

Mr. ANASTASIA. 1947.

Mr. HALLEY. What is your business?

Mr. ANASTASIA. At the present time I am a dress manufacturer.

Mr. HALLEY. A dress manufacturer?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. What is the name of your company?

Mr. ANASTASIA. Madison Dress.

Mr. HALLEY. Madison Dress?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Where is that located?

Mr. ANASTASIA. Hazelton, Pa.

Mr. HALLEY. Do you have any partners there?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Who are they?

Mr. ANASTASIA. A gentleman by the name of Harry Strauss.

The CHAIRMAN. How do you spell that?

Mr. ANASTASIA. That is S-t-r-a-u-s-s.

Mr. BAILEY. Do you have any other partners?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you contract to make dresses for other people, or do you sell dresses yourself to the trade?

Mr. ANASTASIA. We make them for different jobbers.

Mr. HALLEY. You job, in other words?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long have you been in that business?

Mr. ANASTASIA. Since 1948.

Mr. HALLEY. How much money did you invest in the business?

Mr. ANASTASIA. I decline to answer that question.

The CHAIRMAN. Well, now, just a minute. That is a legal business; isn't it?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. I mean, there is nothing wrong with the business; is there?

Mr. ANASTASIA. Well, I decline to answer that on the ground that it may tend to incriminate me.

The CHAIRMAN. You mean how much money you invested in it? Is that what you are talking about?

Mr. ANASTASIA. That is right.

The CHAIRMAN. Do you want to make any explanation as to why you think it would incriminate you, how it could? We don't want to take advantage of you, if you do have a sound ground. But here you are in the dress business, and you put some money in it.

Mr. ANASTASIA. Well, sir, the Government is investigating my income at the present time, and that is the reason.

The CHAIRMAN. When did you go into business?

Mr. ANASTASIA. 1948.

Mr. HALLEY. Have you any other business?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What did you do prior to 1948?

Mr. ANASTASIA. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. When did you last have a legal business?

Mr. ANASTASIA. I decline to answer on the same ground.

The CHAIRMAN. Well, Mr. Anastasia, you decline to answer when you last had a legal business prior to the Madison Dress Co.?

Mr. ANASTASIA. I decline to answer on the same ground.

The CHAIRMAN. The Chair will direct you to answer that question. Do you refuse to follow the direction of the chairman?

Mr. ANASTASIA. I decline to answer on the same ground.

Mr. HALLEY. When you first came to this country, how old were you?

Mr. ANASTASIA. Fourteen.

Mr. HALLEY. Did you go to school here?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What did you do, go to work?

Mr. ANASTASIA. I went to work.

Mr. HALLEY. What was your first job?

Mr. ANASTASIA. Longshoreman.

Mr. HALLEY. How long did you work as a longshoreman?

Mr. ANASTASIA. Oh, I worked as a longshoreman until about 1919, I believe.

Mr. HALLEY. Then what did you do?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Have you ever belonged to the Longshoremen's Union?

Mr. ANASTASIA. To a union?

Mr. HALLEY. Yes.

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Have you ever been an officer of a union?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What union did you belong to?

Mr. ANASTASIA. The ILA.

Mr. HALLEY. What local?

Mr. ANASTASIA. I don't remember.

The CHAIRMAN. I did not understand the name of the union.

Mr. HALLEY. He belonged to the ILA. Let's see; in 1919 you stopped working as a longshoreman; is that right?

Mr. ANASTASIA. I believe I worked about 2 years.

Mr. HALLEY. What is the next occupation you had, you do remember?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Well, sometime between 1919 and 1948, you must have had some occupation. Can you tell the committee of any occupation you had between 1919 and 1948?

Mr. ANASTASIA. Well, I volunteered in the Army in 1942, and I was discharged at the end of 1944. I believe I worked for my brother for 4 or 5 months. I cannot tell the exact time. My brother was a stevedore at that time.

Mr. HALLEY. You worked as a longshoreman for him?

Mr. ANASTASIA. No; as a superintendent, after I was discharged from the Army.

Mr. HALLEY. You went right into his business?

Mr. ANASTASIA. I did not go into his business. I was a stevedore superintendent, and hired people to work.

Mr. HALLEY. Now, when you volunteered in the Army, did you go into any particular branch?

Mr. ANASTASIA. You mean—I don't understand you.

Mr. HALLEY. What part of the Army were you in?

Mr. ANASTASIA. I was in Camp Forrest, Tenn., in the Eighty-eighth Division, Infantry.

Mr. HALLEY. Did you go overseas?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did your division go overseas?

Mr. ANASTASIA. I was relieved from my division.

Mr. HALLEY. When it went overseas?

Mr. ANASTASIA. Yes.

Mr. HALLEY. How did that come about?

Mr. ANASTASIA. A circular from the War Department came out that they wanted expert longshoremen, and when I went into the service I had put down that—that I knew how to load a ship, how much the capacity of a boom was, how much can a boom lift—and that is the reason I was relieved from the Infantry and sent to transportation.

Mr. HALLEY. When your unit went overseas, then, you went into transportation; is that right?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Where were you assigned?

Mr. ANASTASIA. Indiantown Gap, Pa.

Mr. HALLEY. Indiantown Gap?

Mr. ANASTASIA. That is right.

Mr. HALLEY. Was there a port there?

Mr. ANASTASIA. It was a port of embarkation.

Mr. HALLEY. Where is that?

Mr. ANASTASIA. It is about 170 miles from New York, past Arlington, about 40 miles from Arlington, Pa.

Mr. HALLEY. You say that was a port of embarkation there?

Mr. ANASTASIA. It was a port of embarkation; they called it that. There is no port there. There is no sea there.

Mr. HALLEY. What did they need longshoremen there for?

Mr. ANASTASIA. Well, they have a ship on land there and they train all the Negro troops.

Mr. HALLEY. And you were training troops?

Mr. ANASTASIA. I was sent there.

Mr. HALLEY. What?

Mr. ANASTASIA. I was sent there from Camp Forrest, Tenn.

Mr. HALLEY. To train troops?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long were you there?

Mr. ANASTASIA. I was there from 1942 to the end of 1944. I don't remember if it was November or December.

Mr. HALLEY. And then where did you go? Were you released?

Mr. ANASTASIA. I was discharged. I had an honorable discharge.

Mr. HALLEY. Between 1919 and 1942, can you tell the committee of any occupation you had?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Do you mean to sit there and say that you don't remember any occupation you had between 1919 and 1942?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Did you have any legitimate business or occupation between 1919 and 1942?

Mr. ANASTASIA. I refuse to answer on the ground it might tend to incriminate me.

Senator TOBEY. Oh, now, just a moment. He is asking you about legal business.

Mr. ANASTASIA. Well, sir, I don't remember any job that I had.

The CHAIRMAN. What was that?

Mr. ANASTASIA. I don't recall any job in legitimate business that I had.

Mr. HALLEY. The fact is that you did not have any; isn't that the fact? Isn't it the fact that you just didn't have a job.

Mr. ANASTASIA. In those years, I don't remember. I was around the race track occasionally. I don't recall if I had any legitimate business or not.

Mr. HALLEY. Well, is it not a fact that you not only don't recall, but you just did not have any?

Mr. ANASTASIA. I don't recall.

Mr. HALLEY. Well, now——

Senator TOBEY. How did you live in those years?

Mr. ANASTASIA. Well, I went down to the race track, and I would make a little bet and get a winner now and then, and get a loser. That is the way I used to do.

The CHAIRMAN. All right. Proceed.

Mr. HALLEY. Did you hold a position of sergeant in the Army?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. Were you a sergeant in the Army?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Did you know a Colonel Katay?

Mr. ANASTASIA. He was my colonel.

Mr. HALLEY. He was your colonel?

Mr. ANASTASIA. Yes.

Mr. HALLEY. How well did you know him?

Mr. ANASTASIA. I knew him in my line of duty, as you would know a colonel, if you was in the Army yourself.

Mr. HALLEY. Have you see him since you got out of the Army?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. When did you build your house in the Palisades?

Mr. ANASTASIA. In 1946.

Mr. HALLEY. Did you build it yourself?

Mr. ANASTASIA. I refuse to answer on the ground it may tend to incriminate me.

Mr. HALLEY. I will ask the chairman to direct the witness to answer the question.

The CHAIRMAN. Mr. Anastasia, I will have to direct you to answer that question.

Mr. ANASTASIA. I decline to answer it on the same grounds sir.

Mr. HALLEY. Do you know Lucky Luciano?

Mr. ANASTASIA. I don't remember if I ever met him. I know of him from reading the papers.

Mr. HALLEY. You did not ever meet him?

Mr. ANASTASIA. No; I don't recall that I ever met him.

Mr. HALLEY. Did you by any chance go to the boat to see him off when he was deported?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Of that you are sure?

Mr. ANASTASIA. That is right.

Mr. HALLEY. Do you know Joe Adonis?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How far is your home from the home of Joe Adonis?

Mr. ANASTASIA. It is in the same neighborhood, about three blocks, three and a half blocks.

Mr. HALLEY. Do you ever see Joe Adonis?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How often?

Mr. ANASTASIA. Oh, maybe once every 2 days or 3 days, once a week, occasionally.

Mr. HALLEY. When did you last see him?

Mr. ANASTASIA. I saw him yesterday, I would say. I believe I saw him Monday.

Mr. HALLEY. Do you know Frank Costello?

Mr. ANASTASIA. I know him. I have seen his picture this morning in the paper.

Mr. HALLEY. But you never met Frank Costello?

Mr. ANASTASIA. I met him down at the race track years back.

Mr. HALLEY. You never met him in the last 5 years?

Mr. ANASTASIA. I cannot say, sir.

Mr. HALLEY. Well, what do you mean when you say you cannot say?

Mr. ANASTASIA. I might have seen him. I might have seen him some place.

Mr. HALLEY. In the last 5 years?

Mr. ANASTASIA. I might have.

Mr. HALLEY. Have you seen him within the last year?

Mr. ANASTASIA. I can't recall if I seen him in the last year or last 5 years.

Mr. HALLEY. Did you see him within the last month?

Mr. ANASTASIA. I cannot say.

Mr. HALLEY. The answer is "No"? What is the answer?

Mr. ANASTASIA. I don't recall if I saw him in the last month, or the last 5 years.

Mr. HALLEY. Your best recollection is that you did not?

Mr. ANASTASIA. I don't recall ever seeing him.

Mr. HALLEY. What did you talk to Joe Adonis about the last time you saw him?

Mr. ANASTASIA. No conversation whatsoever, just greetings of the day, "How is your children," "How is my children."

Mr. HALLEY. Did you tell him you were subpoenaed to come before this committee?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You did not talk about that at all?

Mr. ANASTASIA. Not at all.

Mr. HALLEY. Have you ever had any business dealings with Joe Adonis?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. When you were working on the water front in Brooklyn, did you know Joe Adonis?

Mr. ANASTASIA. In 1917, I didn't know Joe, not in 1917.

Mr. HALLEY. Well, since that you said from time to time you helped your brother out.

Mr. ANASTASIA. Well, I must have saw him in Brooklyn a few times. I believe I know him 15 or 20 years, around 15 or 20 years.

Mr. HALLEY. Were you ever in his restaurant at Fourth Avenue and Carroll Street?

Mr. ANASTASIA. Well, I don't remember. I guess I was there a couple of times, eating.

Mr. HALLEY. What was your brother Tony doing?

Mr. ANASTASIA. My brother at the present time is a superintendent; he is a hire foreman.

Mr. HALLEY. Who does he work for?

Mr. ANASTASIA. Jarka Stevedoring Co.

Mr. HALLEY. How long has he been there?

Mr. ANASTASIA. My brother Tony has worked for Jarka quite a number of years. I don't remember how long he worked the last time. I believe he was working for Jarka before.

Mr. HALLEY. By the way, did you ever tell anybody that Bill O'Dwyer told you to keep out of New York City when you were in the Army? Did you ever tell that to anybody?

Mr. ANASTASIA. Bill O'Dwyer?

Mr. HALLEY. Yes.

Mr. ANASTASIA. Told me to what?

Mr. HALLEY. Keep out of New York City.

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did Bill O'Dwyer tell you that?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. And you never told that to anybody in the Army?

Mr. ANASTASIA. Absolutely not.

Mr. HALLEY. Did you ever tell anybody that you joined the Army because it would help you kill the trouble you were in?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You never told that to anybody?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Why did you move to Jersey in 1947?

Mr. ANASTASIA. My wife, she had the house for sale since 1944, so finally she felt like, "Let's bring up our children away from Brooklyn," and we moved to Jersey. We bought a piece of land and built a home.

Mr. HALLEY. Who runs the Jarka Stevedoring Co.?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. Who owns the Jarka Stevedoring Co.?

Mr. ANASTASIA. Jarka?

Mr. HALLEY. Who owns it?

Mr. ANASTASIA. I don't know.

Mr. HALLEY. Do you know Captain O'Reilly?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Was there ever a meeting in your house concerning work to be done on the breakwater in Brooklyn?

Mr. ANASTASIA. Never.

Mr. HALLEY. In the month of December 1950?

Mr. ANASTASIA. Never.

Mr. HALLEY. When did you last see your brother Tony?

Mr. ANASTASIA. Yesterday.

Mr. HALLEY. What did you talk about?

Mr. ANASTASIA. He was here yesterday; he had a subpena.

Mr. HALLEY. I know, but what did you talk about?

Mr. ANASTASIA. Nothing.

Mr. HALLEY. When did you last see him before that?

Mr. ANASTASIA. Well, he comes to my house maybe once a week or once every 2 weeks.

Mr. HALLEY. You saw him from time to time in December?

Mr. ANASTASIA. I saw him during the holidays and New Year's.

Mr. HALLEY. Did you see him before the holidays in December?

Mr. ANASTASIA. I saw him often. He is my brother. I don't know when I saw him.

Mr. HALLEY. Was your brother in your home with a number of other men?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. During December 1950?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you know Gus Schiannovino?

Mr. ANASTASIA. Yes, I do.

Mr. HALLEY. How long do you know him?

Mr. ANASTASIA. Oh, about 25 years, 25 or 30 years.

Mr. HALLEY. Are you on friendly terms with him?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. What is his business?

Mr. ANASTASIA. Organizer.

Mr. HALLEY. A union organizer?

Mr. ANASTASIA. For the union for the longshoremen.

Mr. HALLEY. For the longshoremen?

Mr. ANASTASIA. For the Longshoremen's Union.

Mr. HALLEY. And did Schiannovino want your brother to get that job on the breakwater in Brooklyn?

Mr. ANASTASIA. That I don't know, sir.

Mr. HALLEY. Do you know Frank Nolan?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You do not?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What are the advantages of being the hiring boss on a dock? What does the hiring boss do?

Mr. ANASTASIA. Well, he calls the men in the morning, gang by gang, "You are assigned to No. 1 hatch," No. 2 hatch, No. 3 hatch, No. 4 hatch, and so on.

Mr. HALLEY. He picks the men who get hired; is that right?

Mr. ANASTASIA. That is right.

Mr. HALLEY. Have you ever heard that sometimes the men kick back the money to the boss?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You never heard that?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You realize you are under oath?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. And that is a good way to get into trouble, if you fail to tell the truth under oath?

Mr. ANASTASIA. I never heard of it.

Mr. HALLEY. You never heard of any case where a man paid money back?

Mr. ANASTASIA. Well, you read—in fact, I read of a lot of cases, but I never heard about my brother.

Mr. HALLEY. I did not ask you about your brother. Did you ever hear that that occurred on the docks?

Mr. ANASTASIA. I am not too near the dock. I am away from Brooklyn for 4 years.

Mr. HALLEY. Well, you worked there right after the war; is that right?

Mr. ANASTASIA. That is right.

Mr. HALLEY. For how long?

Mr. ANASTASIA. I worked from—beginning to work in December or January 1945.

Mr. HALLEY. And how long after that did you work?

Mr. ANASTASIA. I don't recall if it was 4, 5, or 6 months; I don't recall.

Mr. HALLEY. What were your duties there? You were a foreman on the dock?

Mr. ANASTASIA. I was a superintendent.

Mr. HALLEY. What does a superintendent do?

Mr. ANASTASIA. Well, a superintendent is above the hire foreman. The hire foreman designates the men in the gangs and the superintendent walks around the pier and sees that they do their work.

Mr. HALLEY. When you were superintendent, did you ever hear anything first about any men paying for the privilege of working on the docks?

Mr. ANASTASIA. Not on our pier.

Mr. HALLEY. On any other pier?

Mr. ANASTASIA. I don't know about that.

Mr. HALLEY. Did anybody ever tell you that men paid for the privilege of working on the dock?

Mr. ANASTASIA. I was not interested.

Mr. HALLEY. Would you have heard about it, if you were interested?

Mr. ANASTASIA. Well, I might have read that, but I was not interested—sure, I guess so.

Mr. HALLEY. That is what the men say, isn't it?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. That is what the men say, isn't it, that they have to pay to work on the docks?

Mr. ANASTASIA. No, sir; not on our pier.

Mr. HALLEY. Do you know Benjamin Crown?

Mr. ANASTASIA. Ben Crown? I heard his name here yesterday.

Mr. HALLEY. Did you ever see him before that?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you know Benjamin Macri?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. ANASTASIA. I know him several years.

Mr. HALLEY. In what way do you know him?

Mr. ANASTASIA. Well, we are very friendly.

Mr. HALLEY. You are a good friend of his?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. When did you first meet him?

Mr. ANASTASIA. I don't remember if I knew him before I went in the service, or after I got discharged from the service.

Mr. HALLEY. Well, how did you meet him?

Mr. ANASTASIA. Well, how I met him I cannot tell you; I don't remember now.

Mr. HALLEY. Have you got any mutual friends?

Mr. ANASTASIA. With who?

Mr. HALLEY. With Macri.

Mr. ANASTASIA. With Macri, you mean if we are close?

Mr. HALLEY. Do you have any friends, some of his friends whom you also know?

Mr. ANASTASIA. Not that I know of.

Mr. HALLEY. Well, you don't just meet a man; somebody introduces you, or you meet him through some business.

Mr. ANASTASIA. I don't know if it was through the occasion of a stevedoring matter, through my brother, that my brother was a stevedore, and we were doing some work during the winter of 1945, and we had a ship of ballast in one of Macri's piers in Brooklyn, and I believe that is the time that I must have met him.

Mr. HALLEY. What was Macri's business?

Mr. ANASTASIA. Ship repair.

Mr. HALLEY. Do you know the name of his company?

Mr. ANASTASIA. Sancor Shipbuilding Co.

Mr. HALLEY. Since you met him you say you have become very friendly?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Does he come to your house?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How often?

Mr. ANASTASIA. He was over to my house a couple of times, maybe three or four times, with his wife and kid.

Mr. HALLEY. Have you been over to his house?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. With your wife?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. And did he ever give you any help in the building of your house?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did he ever provide any laborers for you?

Mr. ANASTASIA. That I refuse—I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. I order you to answer.

Mr. ANASTASIA. I decline on the same grounds, sir.

Mr. HALLEY. Who was the contractor for the building of your house?

Mr. ANASTASIA. I decline to answer on the ground it may tend to incriminate me.

Mr. HALLEY. You know, your way of approaching this is very peculiar. Every time we get close to some subject which the committee has any suspicions about, and you refuse to answer, then we are sure we are right. This is a fact-finding committee. The committee is going to form its judgment, and when you refuse to even tell the committee the name of the contractor who built your house, the committee's judgment, expressed in its report, will be bound to be adverse to you; at least, I will recommend so to the committee.

Mr. ANASTASIA. I am under investigation by the Government. The Government knows everything. It knows my income, the house, the contractors.

Senator TOBEY. We know your income, we have got your income-tax blanks. It is all open to us.

Mr. ANASTASIA. Yes.

Senator TOBEY. That does not answer the question about the house.

The CHAIRMAN. Well, you are ordered to tell what contractor built your house.

Mr. ANASTASIA. I decline to answer on the same grounds.

Mr. HALLEY. I am sorry; but did you refuse to answer?

Mr. ANASTASIA. I decline to answer on the ground it may tend to incriminate me.

Mr. HALLEY. What is Macri's first name?

Mr. ANASTASIA. Benedict.

Mr. HALLEY. What?

Mr. ANASTASIA. Benedict Macri.

Mr. HALLEY. Benedict Macri, is he in the Tombs now? Isn't he in jail?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Charged at the time for the Loria murder?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How many times were you charged with murder, Mr. Anastasia.

Mr. ANASTASIA. I don't remember, sir. If you will show me the record, I will tell you if it is correct.

Mr. HALLEY. Well, we are not going to play that game. Have you ever been charged with murder?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. More than once?

Mr. ANASTASIA. More than once.

Mr. HALLEY. Were you ever convicted of any crime?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. Were you ever convicted of any crime?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. What crime?

Mr. ANASTASIA. Violation of the Sullivan law.

Mr. HALLEY. For carrying a gun?

Mr. ANASTASIA. For carrying a gun.

Mr. HALLEY. When were you convicted of that?

Mr. ANASTASIA. In 1923.

Mr. HALLEY. Did you go to jail?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. For how long?

Mr. ANASTASIA. I was sent to a New York penitentiary.

Mr. HALLEY. For how long?

Mr. ANASTASIA. About 27 or 28 months.

Senator TOBEY. Do you still carry a gun?

Mr. ANASTASIA. I did not understand you.

Senator TOBEY. Do you still carry a gun?

Mr. ANASTASIA. I was accused of it, but I was innocent.

The CHAIRMAN. The question that Senator Tobey asked you is, do you still carry a gun?

Mr. ANASTASIA. No, sir. I carried one in the Army, but not now.

Mr. HALLEY. What other convictions have you had?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. What other convictions have you had?

Mr. ANASTASIA. A conviction that stood up, the only one was the the gun charge, that I served time for, and no other conviction ever stood up against me.

Mr. HALLEY. Did you have any conviction that was reversed?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. For what?

Mr. ANASTASIA. For murder.

Mr. HALLEY. When was that?

Mr. ANASTASIA. I don't know, 1920 or 1921. You have the record there, you know.

Mr. HALLEY. I have the record, but I want your memory on it.

Mr. ANASTASIA. 1920 or 1921. I don't remember. I was convicted of murder in the first degree.

Mr. HALLEY. And you were sentenced to the chair?

Mr. ANASTASIA. I was sentenced to the chair, and the court of appeals of the State of New York unanimously reversed it, and dismissed the indictment.

Mr. HALLEY. Who defended you?

Mr. ANASTASIA. Leo Healy, and a fellow by the name of Milligan, a State lawyer. I didn't have no lawyer.

Mr. HALLEY. The case was reversed, and you were given a new trial?

Mr. ANASTASIA. A new trial was granted unanimously by the court of appeals.

Mr. HALLEY. On the new trial, were you acquitted?

Mr. ANASTASIA. Not acquitted, they were ordered to dismiss the indictment. I was never brought to a second trial.

Mr. HALLEY. You were never brought to trial again?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Were you convicted of crime on any other occasions?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you know Joseph Profaci?

Mr. ANASTASIA. I just see him outside here.

Mr. HALLEY. Did you ever meet him before?

Mr. ANASTASIA. I must have met him once or twice before, sir.

Mr. HALLEY. Where?

Mr. ANASTASIA. Around Brooklyn.

Mr. HALLEY. Well, where?

Mr. ANASTASIA. Some restaurant, or some wedding; I don't remember where.

Mr. HALLEY. Do you know Willie Moretti?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Did you go to the wedding of Willie Moretti's daughter?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Do you know Vito Genovese?

Mr. ANASTASIA. I know of him, and I must have met him once or twice, but I am not too friendly with him.

Mr. HALLEY. Did you know Little Angie Pissano?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. ANASTASIA. Twenty-five years, twenty years, I don't remember.

Mr. HALLEY. Were you ever in business with him?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did you ever belong to a political club?

Mr. ANASTASIA. A political club?

Mr. HALLEY. Yes.

Mr. ANASTASIA. It was a political club in Brooklyn that occasionally I used to go in.

Mr. HALLEY. What club was that?

Mr. ANASTASIA. The City Democratic Club.

Mr. HALLEY. In what district was that?

Mr. ANASTASIA. The third assembly district in Brooklyn.

Mr. HALLEY. When did you belong?

Mr. ANASTASIA. In 1931, 1932, 1933, I don't remember.

Mr. HALLEY. Did you ever make a political contribution?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You were not a citizen at that time, were you?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. And of course you could not vote.

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. You did not vote at that time?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What was your interest in a political club at that time?

Mr. ANASTASIA. I did not get that.

Mr. HALLEY. What was your interest in a political club at that time?

Mr. ANASTASIA. No interest whatsoever.

Mr. HALLEY. Why did you belong?

Mr. ANASTASIA. Well, you go in there occasionally, once a week, or maybe once every 2 weeks; that is the only interest I had.

Mr. HALLEY. Who asked you to join?

Mr. ANASTASIA. I don't recall who it was. I think a fellow by the name of Dr. Longoe; I believe he was president. He is dead now. He was the president of the club.

Mr. HALLEY. He was a good friend of Adonis, wasn't he?

Mr. ANASTASIA. I don't know, sir.

Mr. HALLEY. Didn't you ever see Adonis around there?

Mr. ANASTASIA. No, sir; I never saw him around the club.

Mr. HALLEY. Now, let's get back to Macri. Did he ever send any trucks over to your house at Palisade?

Mr. ANASTASIA. I don't remember him sending any there.

Mr. HALLEY. You don't remember?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You don't deny it, though.

Mr. ANASTASIA. I don't remember that he ever sent anything there.

Mr. HALLEY. Did he ever send any workmen over there?

Mr. ANASTASIA. I decline to answer that on the ground that it might tend to incriminate me.

Mr. HALLEY. How much did it cost you to build your house?

Mr. ANASTASIA. That house cost me \$48,000 or \$47,000. I got a \$30,000 mortgage, 20 and 10.

Mr. HALLEY. And how much did the ground cost you?

Mr. ANASTASIA. \$8,000.

Mr. HALLEY. How long did it take to build it?

Mr. ANASTASIA. Well, around 4 months, I believe.

Senator TOBEY. What was your business before building the house?

Mr. ANASTASIA. I decline to answer on the ground that it may tend to incriminate me.

Senator TOBEY. Where did you get the \$28,000 cash, over and above the mortgage to put into that house?

Mr. ANASTASIA. Do you mean the first money?

Senator TOBEY. You said it cost \$48,000, and \$10,000, that is \$58,000, with a mortgage of \$30,000.

Mr. ANASTASIA. \$58,000?

Senator TOBEY. You said that the place cost \$48,000, and the land \$10,000.

Mr. ANASTASIA. Eight thousand.

Senator TOBEY. Well, that is \$56,000, and you got a mortgage of \$30,000, so as to the \$26,000, where did that come from?

Mr. ANASTASIA. A \$30,000 mortgage, \$20,000 first and \$10,000 second.

Senator TOBEY. Well, deducting that, it leaves \$26,000.

Mr. ANASTASIA. Yes, sir.

Senator TOBEY. Where did that money come from?

Mr. ANASTASIA. We had a home in Brooklyn, and we sold it.

Senator TOBEY. What did that bring?

Mr. ANASTASIA. \$27,000.

Mr. HALLEY. So you put that money in there; is that right?

Mr. ANASTASIA. Yes, sir.

Senator TOBEY. I see. Thank you.

Mr. SHIVITZ. Mr. Anastasia, you got a first mortgage from a lending institution, from a bank, of \$20,000?

Mr. ANASTASIA. I have a first mortgage from the president of the Fort Lee Trust Co.

Mr. SHIVITZ. From the who?

Mr. ANASTASIA. My first mortgage is from the president of the Fort Lee Trust Co.

Mr. SHIVITZ. The Fort Lee Trust Co., that is for \$20,000?

Mr. ANASTASIA. Yes, and he also has the second mortgage.

Mr. SHIVITZ. And he has the second mortgage?

Mr. ANASTASIA. Also.

Mr. SHIVITZ. He has it personally, or is it the trust company?

Mr. ANASTASIA. I believe he has it personally.

Mr. SHIVITZ. And he gave you that mortgage, or you gave him that mortgage, rather, and he made you that loan after the house was built; is that correct?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. What then?

Mr. ANASTASIA. Well, the house was in operation.

Mr. SHIVITZ. Before the house was built he gave you a mortgage?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Tell us when.

Mr. ANASTASIA. Well, I had the wall up.

Mr. SHIVITZ. When you had the walls up?

Mr. ANASTASIA. That is right.

Mr. SHIVITZ. Did you have the interior walls up and the outside walls up when he gave you the mortgage?

Mr. ANASTASIA. My house is a cinder block. I don't know if you know anything about building, but cinder block goes up in a week, right to the roof.

Mr. SHIVITZ. That is when he gave you the \$30,000?

Mr. ANASTASIA. The first floor, they were working on it, and I applied for the first mortgage.

Mr. SHIVITZ. Did you submit a set of plans to him at that time?

Mr. ANASTASIA. I believe I must have. I don't know.

Mr. SHIVITZ. And specifications?

Mr. ANASTASIA. I don't remember.

Mr. SHIVITZ. You don't remember.

Mr. ANASTASIA. No.

Mr. SHIVITZ. Did they get an appraisal on the building before they gave you the mortgage?

Mr. ANASTASIA. I don't remember. You will have to ask him.

Mr. SHIVITZ. Now, tell us please when you negotiated this \$30,000 loan.

Mr. ANASTASIA. That was not \$30,000; it was \$20,000.

Mr. SHIVITZ. Well, 20 and 10. When did you get the \$10,000, after the house was built?

Mr. ANASTASIA. When the house was almost complete.

Mr. SHIVITZ. When you get the \$20,000, did you negotiate that yourself?

Mr. ANASTASIA. No; through a lawyer.

Mr. SHIVITZ. What lawyer?

Mr. ANASTASIA. Bernard White, from Cliffside.

Mr. SHIVITZ. And you stated to Mr. Halley that you thought you knew Vito Genovese, from Bluff Road.

Mr. ANASTASIA. From Bluff Road?

Mr. SHIVITZ. You think you know Vito Genovese?

Mr. ANASTASIA. I don't know no Genovese on Bluff Road.

Mr. SHIVITZ. Do you know Genovese?

Mr. ANASTASIA. I know of him.

Mr. SHIVITZ. You know of him?

Mr. ANASTASIA. I read about it.

Mr. SHIVITZ. You don't know him, though?

Mr. ANASTASIA. No.

Mr. SHIVITZ. Is it not a fact that you lived with that man?

Mr. ANASTASIA. I lived with that man?

Mr. SHIVITZ. Just answer "Yes" or "No."

Mr. ANASTASIA. No, sir. Religiously, no.

Mr. SHIVITZ. Where did you get your citizenship?

Mr. ANASTASIA. In the Army.

Mr. SHIVITZ. Where?

Mr. ANASTASIA. At Indiantown Gap, Pa.

Mr. SHIVITZ. Do you know Joe Russo?

Mr. ANASTASIA. Joe Russo?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. That name don't mean anything to me.

Mr. SHIVITZ. Now, you do contracting for jobbers; is that right, in your business?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. You do contracting work?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. How many concerns do you do work for, about?

Mr. ANASTASIA. I refuse to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. Well, you are ordered to answer. Do you still refuse?

Mr. ANASTASIA. I refuse to answer on the same ground.

Mr. HALLEY. You mean that your dress business is a racketeering business, too? Does that mean that your dress business is a racketeering business, too?

Mr. ANASTASIA. Well, that is my opinion—I am not a lawyer, I never went to school, and I refuse to answer. The Government has all the names and addresses of people with whom we do business, how much income out of the dress shop. The Government is in a position to have every document.

Mr. SHIVITZ. Who were some of your customers?

Mr. ANASTASIA. I refuse to answer on the same ground.

Mr. SHIVITZ. You won't tell us the names of any of your customers?

Mr. ANASTASIA. I refuse to answer.

The CHAIRMAN. Well, you are ordered to answer. You understand you are directed to answer these questions? Do you understand that, Mr. Anastasia?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. Who does your trucking?

Mr. ANASTASIA. My partner takes care of that.

Mr. SHIVITZ. Don't you know the name of the company that does your trucking?

Mr. ANASTASIA. He is taking care of that.

Mr. SHIVITZ. You don't know the name of the company?

Mr. ANASTASIA. My partner takes care of that.

Mr. SHIVITZ. You did not answer the question.

Mr. ANASTASIA. I said he is taking care of the trucking.

Mr. SHIVITZ. Please answer the question. Do you know the name? Do you know the name of the company that does your trucking? Answer that "Yes" or "No."

Mr. ANASTASIA. I don't know the name.

Mr. SHIVITZ. Do you know Tommy Lucchese?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Do you know a man called "Three-fingered Brown"?

Mr. ANASTASIA. I read about it last night.

Mr. SHIVITZ. I asked you if you know him.

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Now, you testified that when you got out of the Army you were a superintendent for your brother's company and that you hired men in the stevedoring business.

Mr. ANASTASIA. I did not hire men.

Mr. SHIVITZ. What does a superintendent do?

Mr. ANASTASIA. A superintendent watches out for the interests of the concern.

Mr. SHIVITZ. What company was your brother in? What was the name of the company at that time?

Mr. ANASTASIA. The A A Stevedoring.

Mr. SHIVITZ. Did you ever hear of the Nessa Co.?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Do you know whether the superintendent lays out the cargo plans?

Mr. ANASTASIA. No; I don't.

Mr. SHIVITZ. Who are the owners, besides your brother, of the A A?

Mr. ANASTASIA. He, himself.

Mr. SHIVITZ. He has no partners?

Mr. ANASTASIA. No partners.

Mr. SHIVITZ. Did they ever have a Government contract, the A A?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Where are they located?

Mr. ANASTASIA. A A?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. Fifteen Bridge Street, I believe.

Mr. SHIVITZ. In Brooklyn?

Mr. ANASTASIA. New York.

Mr. HALLEY. When were you last in Hazelton, Pa.?

Mr. ANASTASIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You understand that you are ordered to answer that question.

Mr. ANASTASIA. I decline to answer on the same ground, sir.

Mr. HALLEY. Do you spend any time at that dress place?

Mr. ANASTASIA. Occasionally.

Mr. HALLEY. What do you mean by "occasionally"?

Mr. ANASTASIA. Well, sometime.

Mr. HALLEY. Once a week?

Mr. ANASTASIA. No; that is not necessary.

Mr. HALLEY. Once a month are you there?

Mr. ANASTASIA. No; once maybe every 3 weeks.

Mr. HALLEY. For a day?

Mr. ANASTASIA. A couple of hours.

Mr. HALLEY. For a couple of hours?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Thank you.

Mr. SHIVITZ. Do you ever go out to solicit business for the company?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever ask any of your friends to get you some work?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever ask your friends to get you some machinery?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever ask anybody to help you legitimately in your business?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever do anything for your business?

(No response.)

The CHAIRMAN. What do you do in this dress factory? I mean, What is your part in it, Mr. Anastasia? I mean, do you keep the books? Do you hire the people?

Mr. ANASTASIA. Well, we have books; we have everything.

The CHAIRMAN. No; what do you do in it? You are a half owner, or a big owner.

Mr. ANASTASIA. That is right.

The CHAIRMAN. What do you do about it?

Mr. ANASTASIA. Well, I go out there and see that my partners take care of all the field work, all the transactions, he takes care of it.

The CHAIRMAN. How many people do you employ?

Mr. ANASTASIA. We have got 100 machines there.

The CHAIRMAN. You employ about 200 people there; do you?

Mr. ANASTASIA. No.

The CHAIRMAN. About how many?

Mr. ANASTASIA. Well, sometimes our plant—our plant has 100 machines, but it isn't all the time that you have 100 people working.

The CHAIRMAN. What do you make there? Dresses?

Mr. ANASTASIA. Dresses.

The CHAIRMAN. Do you sell them all to one person, or all over the country?

Mr. ANASTASIA. They belong to the jobbers.

The CHAIRMAN. You sell them to jobbers?

Mr. ANASTASIA. No, sir; we get the goods from the jobbers. Whatever my partner jobs. We make the dresses.

Mr. HALLEY. You are what they call a contractor; aren't you?

Mr. ANASTASIA. Yes; a contractor.

The CHAIRMAN. Excuse me.

Mr. SHIVITZ. You say your partners take care of the details?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. What did you say your partners' names were? What are their names?

Mr. ANASTASIA. Carl Strauss.

Mr. SHIVITZ. That is one. Who is the other?

Mr. ANASTASIA. That is my partner.

Mr. SHIVITZ. Well, you have been saying "partners"; have you not?

Mr. ANASTASIA. No, sir; I am sorry; just one.

Mr. SHIVITZ. That was a mistake if you said "partners"?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. Does he have a manager under him, too?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. He does everything; he is his own boss?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. And he has no assistant boss there?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. What price goods do you make?

Mr. ANASTASIA. Oh, well, it all depends, a \$3.75 dress or \$4.75.

Mr. SHIVITZ. You don't go higher?

Mr. ANASTASIA. No.

Mr. SHIVITZ. And you said your brother hires men for Jarke. Is he on their payroll, do you know?

Mr. ANASTASIA. What payroll?

Mr. SHIVITZ. The payroll of Jarke.

Mr. ANASTASIA. The Jarke payroll?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. Well, he is working for Jarke.

Mr. SHIVITZ. Then he is on their payroll?

Mr. ANASTASIA. He must be on it.

Mr. SHIVITZ. Do you know what the letters A A stand for?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. What?

Mr. ANASTASIA. Anthony Anastasia.

Mr. SHIVITZ. Do you know Joe Ryan?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. For how long?

Mr. ANASTASIA. Oh, maybe 20 years; 18 years.

Mr. SHIVITZ. When did you see him last?

Mr. ANASTASIA. Today.

Mr. SHIVITZ. Where?

Mr. ANASTASIA. In here [indicating].

Mr. SHIVITZ. And before today?

Mr. ANASTASIA. I must have saw him a few months ago, I don't remember.

Mr. SHIVITZ. Did you have any business dealings with him?

Mr. ANASTASIA. No; I meet him in a bar or some restaurant, but no business dealings.

Mr. SHIVITZ. Whereabouts? in Jersey? New York? or Brooklyn?

Mr. ANASTASIA. New York.

Mr. SHIVITZ. In New York?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. In what neighborhood?

Mr. ANASTASIA. Around Eighth Avenue.

Mr. SHIVITZ. Do you consider him to be a good friend of yours?

Mr. ANASTASIA. Joe Ryan?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. Not too close to me, but he is a gentleman; he is a nice fellow.

Mr. SHIVITZ. I didn't ask you for your opinion of him. Do you consider yourself a friend of his; a good friend of his?

Mr. ANASTASIA. Well, I don't know what he considers me.

Mr. SHIVITZ. What do you consider him?

Mr. ANASTASIA. I consider him just a friend, not too intimate. There is nothing attached between him and I, that we are socially, to be a family friend.

Mr. SHIVITZ. Well, if you got in a jam could you count on him for some help?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Mr. Walsh?

Mr. WALSH. No.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No.

The CHAIRMAN. I think we ought to clear this up. You have been charged with murder quite a number of times. We have your record here; is that correct?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. And felonious assault; is that right?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Well, here is April 6, 1923, felonious assault, before Judge Haggerty, supreme court, and you were discharged. Do you remember that?

Mr. ANASTASIA. That was murder.

The CHAIRMAN. That was murder?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. And you were finally charged with vagrancy in 1936; were you not?

Mr. ANASTASIA. I beg your pardon?

The CHAIRMAN. You were charged with vagrancy in 1936?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. How did you get out of this last case they had up here in 1940 or 1941?

Mr. ANASTASIA. Which case, sir?

The CHAIRMAN. That was the Romeo case; wasn't it? Isn't that the name of it? Panto Romeo?

Mr. ANASTASIA. Panto Romeo? I don't know nothing about it.

The CHAIRMAN. Weren't you tried in that case?

Mr. ANASTASIA. I don't know nothing about it.

The CHAIRMAN. I mean, you were tried; were you not?

Mr. ANASTASIA. Panto Romeo?

The CHAIRMAN. Didn't the grand jury indict you on that?

Mr. ANASTASIA. Those names don't mean nothing to me, Mr. Senator. I think you have got the wrong investigator. You should hire a reliable investigator. There is no Romeo and Panto that I was implicated in.

The CHAIRMAN. Peter Panto?

Mr. ANASTASIA. Never.

The CHAIRMAN. And Anthony Romeo?

Mr. ANASTASIA. Never, sir.

The CHAIRMAN. You don't remember them at all?

Mr. ANASTASIA. I never was charged with any crime concerning them, sir.

The CHAIRMAN. Well, didn't the grand jury charge you with intent to murder?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. And the killing of some union official?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Or the harboring of Lepke?

Mr. ANASTASIA. I beg your pardon?

The CHAIRMAN. Didn't you get charged with harboring or keeping Lepke somewhere?

Mr. ANASTASIA. I was charged with it?

The CHAIRMAN. Yes.

Mr. ANASTASIA. Not that I recall.

The CHAIRMAN. All right.

Senator TOBEY. You were convicted of murder and then the sentence was set aside; is that right?

Mr. ANASTASIA. I believe it was three or four, yes, you are right.

Senator TOBEY. It is an unusual thing for a man to be charged with three or four murders, isn't it?

Mr. ANASTASIA. It is very unusual. It happened to me.

The CHAIRMAN. All right, Mr. Anastasia.

Mr. SHIVITZ. May I have just another question?

The CHAIRMAN. Go ahead.

Mr. SHIVITZ. Mr. Anastasia, you say that you were a superintendent. Can you tell us what the work of a superintendent is—is it just to walk around and see men do the work; is that correct?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. Can you tell us in little more detail what a superintendent's functions are?

Mr. ANASTASIA. I will give you the details in a second.

Mr. SHIVITZ. If you will.

Mr. ANASTASIA. The detail of my brother, we didn't handle any general cargo. We were discharging ballast from all the ships that were carrying troops to the sea, after I got discharged from the Army, all those ships, they had all the ballast—I don't know if you know what it is.

The CHAIRMAN. Yes; we know what ballast is.

Mr. ANASTASIA. So we were discharging the ballast, and it doesn't require any intelligence to be a superintendent.

Mr. SHIVITZ. On that kind of a job, you mean?

Mr. ANASTASIA. On that kind of a job. I was not superintendent on any other, Mister.

Mr. SHIVITZ. You were never superintendent on a regular cargo-loading job?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. No further questions.

The CHAIRMAN. Mr. Anastasia, when we want you again we will let you know. You are to remain under subpoena. There will be no other subpoena served on you. That is all now.

Who will be our next witness?

Mr. SHIVITZ. Mr. Katz.

The CHAIRMAN. Good evening, Mr. Katz. I see you have counsel with you. Will you give me your name, Counsel?

Mr. BRODERICK. John J. Broderick.

The CHAIRMAN. And your address, sir?

Mr. BRODERICK. 76 Beaver Street, New York 5, N. Y.

The CHAIRMAN. Now, will you raise your right hand and be sworn, Mr. Katz?

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. KATZ. Yes.

**TESTIMONY OF LOUIS KATZ, BROOKLYN, N. Y., ACCOMPANIED BY
JOHN J. BRODERICK, ATTORNEY**

Mr. SHIVITZ. Mr. Katz, you have a business establishment in Brooklyn, do you?

Mr. KATZ. Yes, sir.

Mr. SHIVITZ. And is that on Pitkin Avenue?

Mr. KATZ. It is.

Mr. SHIVITZ. What number?

Mr. KATZ. 1514 Pitkin Avenue.

Mr. SHIVITZ. Is that in the upper story?

Mr. KATZ. Upstairs.

Mr. SHIVITZ. Is that a commercial loft or offices?

Mr. KATZ. Yes.

Mr. SHIVITZ. How many feet does your office occupy?

Mr. KATZ. Thirty-seven and one-half by eighty-four.

Mr. SHIVITZ. Thirty-seven and one-half by eighty-four?

Mr. KATZ. Yes.

Mr. SHIVITZ. And do you operate it pursuant to a lease?

Mr. KATZ. Yes, sir.

Mr. SHIVITZ. And have you got a copy of your lease here?

Mr. KATZ. Yes, sir.

Mr. SHIVITZ. May I have it, please?

Mr. KATZ. Yes.

Mr. SHIVITZ. While you are looking for it, where do you reside?

Mr. KATZ. 135 East Ninety-second Street, Brooklyn.

Mr. SHIVITZ. I will offer in evidence the leases of the witness Louis Katz for the premises at 1514 Pitkin Avenue, the first lease dated January 29, 1943. That will be exhibit No. 21; the second lease, dated May 14, 1947, will be exhibit No. 22.

The CHAIRMAN. They may be received.

(The leases referred to were marked as exhibits Nos. 21 and 22, and were returned to the witness after analysis by the committee.)

Mr. SHIVITZ. Now, looking at these leases, Mr. Katz, I see that the first one calls for an annual rental of \$3,000 a year; is that correct?

Mr. KATZ. \$2,500 a year.

Mr. SHIVITZ. \$2,500 a year. I am sorry.

Mr. KATZ. Yes.

Mr. SHIVITZ. \$2,400 a year.

Mr. KATZ. \$2,400 a year.

Mr. SHIVITZ. And that the subsequent lease was increased to \$4,200 a year?

Mr. KATZ. That is right.

Mr. SHIVITZ. Now, when you originally entered into the lease for these premises in 1943—

Mr. KATZ. Pardon me. I am there 21 years.

Mr. SHIVITZ. 21 years?

Mr. KATZ. Yes.

Mr. SHIVITZ. How much was your initial rent; do you recall?

Mr. KATZ. The same thing.

Mr. SHIVITZ. \$2,400?

Mr. KATZ. \$2,400.

Mr. SHIVITZ. And that \$4,200 hike was quite a large one?

Mr. KATZ. In 1947.

Mr. SHIVITZ. It was quite a substantial one?

Mr. KATZ. Well, the property on that street is very high, and my business, I felt when they renewed my new lease, they asked me for \$100 a month more rent, and I felt it was all right.

Mr. SHIVITZ. As a matter of fact, it is more than \$100 a month more; isn't it?

Mr. KATZ. No; that is all it is.

Mr. SHIVITZ. From \$2,400 to \$4,200 is how much—\$1,200 more would be \$3,600; isn't that right?

The CHAIRMAN. It is——

Mr. HALLEY. It is \$150 a month more.

Mr. KATZ. I paid from 1948 \$250 a month more.

Mr. SHIVITZ. You paid more than——

Mr. KATZ. It says on the lease, \$2,400 to be paid during the time the war was on. After the war I paid a little bit more; is that correct?

Mr. SHIVITZ. Yes; that is correct. Your rental went up to \$3,000?

Mr. KATZ. That is right.

Mr. SHIVITZ. Do you have any brothers?

Mr. KATZ. Brothers?

Mr. SHIVITZ. Yes.

Mr. KATZ. Yes.

Mr. SHIVITZ. How many?

Mr. KATZ. I have three brothers.

Mr. SHIVITZ. And are any of them in business with you?

Mr. KATZ. No, sir.

Mr. SHIVITZ. And are you known in the neighborhood as the Katz brothers?

Mr. KATZ. I don't know what I am known as in the neighborhood.

Mr. SHIVITZ. Do you know? You do or you don't.

Mr. KATZ. I don't.

Mr. SHIVITZ. Now, have you ever been charged with bookmaking there?

Mr. KATZ. Charged with bookmaking?

Mr. SHIVITZ. Yes.

Mr. KATZ. Yes.

Mr. SHIVITZ. On how many occasions?

Mr. KATZ. About three times.

Mr. SHIVITZ. And when were they?

Mr. KATZ. During the course of 21 years.

Mr. SHIVITZ. If you can, just give us the dates.

Mr. KATZ. I cannot offhand recall.

Mr. SHIVITZ. When was the last time?

Mr. KATZ. The last time was in 1942.

Mr. SHIVITZ. The last time was in 1942?

Mr. KATZ. Yes, sir.

Mr. HALLEY. Do you still occupy the premises?

Mr. KATZ. Yes, sir.

Mr. HALLEY. For what kind of business?

Mr. KATZ. A billiard parlor.

Mr. SHIVITZ. Have you always had a billiard parlor there?

Mr. KATZ. That is right.

Mr. HALLEY. Did you ever engage in bookmaking there?

Mr. KATZ. I never did.

Mr. HALLEY. At any time?

Mr. KATZ. I never did.

Mr. HALLEY. Have you never been in the bookmaking business?

Mr. KATZ. Never was in my life.

Mr. HALLEY. Even though you were convicted of it?

Mr. KATZ. I never was convicted in my life.

Mr. HALLEY. Who was convicted?

Mr. KATZ. Nobody.

Mr. HALLEY. You mean you were just arrested and not convicted?

Mr. KATZ. That is right.

Mr. HALLEY. It is your contention that there was never any bookmaking there?

Mr. KATZ. Never any bookmaking there.

Mr. HALLEY. And that is your sworn testimony?

Mr. KATZ. That is right.

Mr. HALLEY. Do you have any questions, Senator Tobey?

Senator TOBEY. No.

The CHAIRMAN. We can give you your leases back.

Mr. SHIVITZ. You will realize that you are still under subpoena, and if your appearance is required by the committee we will advise you.

Mr. KATZ. Any time at all to help the committee. Thank you a lot.

The CHAIRMAN. Who are we going to call next?

Mr. HALLEY. David Charnay.

The CHAIRMAN. Good evening, gentlemen. Counsel, what is your name?

Mr. SCHULTZ. Henry E. Schultz.

The CHAIRMAN. Thank you.

Will you stand, Mr. Charnay, and be sworn.

Mr. CHARNAY. Yes.

The CHAIRMAN. Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. CHARNAY. So help me God, I do.

The CHAIRMAN. All right.

TESTIMONY OF DAVID B. CHARNAY, ALLIED PUBLIC RELATIONS ASSOCIATES, ACCOMPANIED BY HENRY E. SCHULTZ, ATTORNEY

Mr. HALLEY. What is your full name, Mr. Charnay?

Mr. CHARNAY. My full name is David B. Charnay.

Mr. HALLEY. And your occupation, please?

Mr. CHARNAY. Public relations.

Mr. HALLEY. What is the name of your company?

Mr. CHARNAY. Allied Public Relations Associates.

Mr. HALLEY. How long have you been connected with that company?

Mr. CHARNAY. I would say approximately a little more than 3 years.

Mr. HALLEY. Prior to that, what was your occupation?

Mr. CHARNAY. I was a newspaperman, employed by the New York Daily News. I was employed there on October 1, 1939, and I came there from the New York Daily Mirror, and I tendered my resignation to the New York Daily News in May of 1949, although I had been on leave of absence for two periods while I was working in the public-relations business.

Mr. HALLEY. How long did you work for the Mirror?

Mr. CHARNAY. I would say I was with the Mirror since 1935 or 1936—I am not quite sure; it was somewhere in there—1935, I think, until 1939, when I left.

Mr. HALLEY. What was your occupation prior to going with the Mirror?

Mr. CHARNAY. Prior to going with the Mirror I was in the public-relations business, and this firm that I mentioned was operating under a trade name, which I was head of and owned.

Mr. HALLEY. Were you the sole owner?

Mr. CHARNAY. I beg your pardon?

Mr. HALLEY. Were you the sole owner?

Mr. CHARNAY. Yes, at that time.

Mr. HALLEY. And are you now the sole owner of your present business?

Mr. CHARNAY. No; I am not.

Mr. HALLEY. You have certain partners?

Mr. CHARNAY. I have one partner.

Mr. HALLEY. What is his name?

Mr. CHARNAY. His name is Art Rothwell.

Mr. HALLEY. Mr. Charney, there have been repeated assertions in the press and elsewhere that you have represented Frank Costello, and by the question there is no inference that you should not have represented him, but the question is, Did you ever represent Frank Costello?

Mr. CHARNEY. I am delighted that you ask that question. That has been a great source of annoyance and harassment to me. It has made me an ill man. I have just gotten out of bed. I am very sick. It has caused me a great deal of embarrassment, and it has caused a great deal of embarrassment to my wife and children.

At no time did I ever represent Frank Costello. The only knowledge I obtained was knowledge as a newspaper reporter for the New York Daily News.

This is a campaign of vilification and abuse which I have tolerated for a couple of years. It was inspired by a personal vendetta on the part of Mr. Lee Mortimer and his present employer, Jack Lait.

I left the Daily Mirror. I protested against their tactics, and I resigned of my own volition, and I went to the Daily News.

Jack Lait, the morning I went to the News, October 1, I remember it very vividly, called me up at the Daily News on the first day of my employment there and asked if I could come downstairs and meet him at a local restaurant. I said that it was impossible, that I had just come on the job, and that I didn't know the people too well, and I could not ask—he said, "It is very important that I see you."

I did. He met me for breakfast in a little restaurant right next to the Daily News, and asked me to come back to work for the Daily Mirror. I refused, and he told me that I would regret it for the rest of my life.

Mr. HALLEY. Is it your contention that they have spread stories about you for that reason only?

Mr. CHARNAY. Well, Mr. Mortimer spread stories, he had a personal vendetta, a personal animosity that he has carried in his heart for some years. I honestly do not know what it is predicated on. I warned him once some years ago and told him to stop using my name the way he was using it. He was picking on inconsequential little stories, and he asked Jack Lait, who is some relative, I am sure, and he told him to knock down, that he was going to expose the fact that I had written phony stories for the Daily News.

We had some words once, and he warned me that he would get me. He said, "Don't you worry," he says, "you are my meat."

It was unimportant to me, because I consider Mr. Lee Mortimer a very unscrupulous little man, and I consider the fact that he should not have a license as a reporter, because he is abusing the privilege that is put in the hands of a reporter. He has done me and my firm a tremendous amount of harm. He has caused my firm to lose \$500,000 in business, and right now I am fighting for life in this business. In fact, my name is put in the newspapers now, and I don't know whether I will be in business for 48 hours. Being in the public-relations business you have to be like Caesar's wife; you have to be clean.

If I do sound a little distraught, it is because this has worked me up.

Mr. HALLEY. Let's try to clear it up, if we can.

Mr. CHARNAY. I would like to.

Mr. HALLEY. Has there been any basis at all, do you think, for these rumors?

Mr. CHARNAY. I cannot understand it, except this, I will try to explain it, I would like to say this, if I may:

I made some notes here of some things that I wanted to say to the committee, and I want to emphasize here voluntarily that there was no need to serve me. I have not been served. There was one left at my office, but I told Mr. Meyers, who was down in my office, to see me at any time, any place whatsoever, and I would voluntarily cooperate with the committee, and I am very much in favor of the work this committee is doing.

Mr. HALLEY. Thank you. There is no implication whatsoever in the service of a subpoena. We simply had so many people to cover that the only thing to do was to issue subpoenas and get them out. It was impossible to phone everybody, because that is a long, involved business, getting in contact with them personally and inviting them.

Mr. CHARNAY. I understand; but in my case it has been very destructive. Just the day that thing appeared, last Friday, I was advised by a client who was ready to sign with us, that because of this publicity in the paper he could not sign with my firm, as much as he wanted to, he felt that we were the best in the business, but he could not sign with us. He felt that he would be doing his own firm irreparable harm by linking my name with his, when my name was linked with a lot of pugs, gangsters, thugs, et cetera.

I just wanted to make that clear.

Now, your query was, why did Mr. Mortimer, or what inspired this rumor?

Mr. HALLEY. Yes.

Mr. CHARNAY. Back in 1946 I met Frank Costello. The Daily News asked me to meet him for the same purpose this committee is in existence, to find out what he was doing. It was part of my job on assignment from the managing editor of the aDily News, or from his assistant, to meet Mr. Costello.

I did meet him. Mr. Costello would talk to me. He talked to very few reporters. Frankly, I was not able to learn a whale of a lot more by being able to talk to him than anybody else has. I tried. I notice in yesterday's papers you people talked about Saratoga. I printed stories about Saratoga, containing those facts, exposing the gambling situation.

I have copies of those stories exposing those situations there as far back as 1948, and all the names that were subpoenaed yesterday were names contained in my story.

Mr. HALLEY. Did you have any connection with Piping Rock?

Mr. CHARNAY. Never in my life.

Mr. HALLEY. You never worked for them in any capacity?

Mr. CHARNAY. No. I would like to state unequivocally that I never worked for Costello or any of his minions, or any minions of the hoodlum world, which goes back from the date I was born. All the records from the date I was born are available to this committee or any other agency.

In fact, I was a little more successful as a reporter than most of the fellows were, and that has brought down this condemnation upon me, particularly from Mr. Mortimer, who fancies himself as a crime reporter. He knows nothing. I understand he is writing a book and furnishing this committee with a copy of the book, which he openly boasts about.

The CHAIRMAN. Well, you are wrong about that. He has not furnished me with any book.

Mr. CHARNAY. I say that he openly boasts of doing that; I don't say that he has.

Mr. HALLEY. You may be assured that we have no information from Mr. Mortimer about you. You may be completely assured of that.

Senator TOBEY. I wonder if I could ask you a question, and it may digress from your own inquiry here, but you hear about the words "public relations," and the words "public relations" have always intrigued me. I never knew what they meant.

When you are a public-relations man, just what does that cover; what kind of service do you give to your clients, for instance?

Mr. CHARNAY. Well, I don't want to bring my clients into this hearing, if I don't have to.

Senator TOBEY. Well, they are not known to us. Just mention the line of business, how you operate, and what you do for value received.

Mr. CHARNAY. I think we may as well boast about something right here, because for one of our clients we worked out a plan, and we won the Freedom Foundation award for a man when we created something on civil defense. It is for a client, where the client furnished equipment, and it was set up as an example to the rest of the country as to what industry and labor can do to further the civilian defense efforts.

We have staged demonstrations in your State; just recently we have

staged demonstrations in other States, and we are going to do it in some 36 States before the year is over.

Our plan was adopted by the State of New Jersey. It is before the powers that be here in New York for adoption.

Our suggestion was that every industry in the United States notify their local civilian defense officials of their facilities, of the manpower they have, in case of an emergency or disaster in peace or war.

For that plan we have been notified that we have won the award. Now, this is a public-relations plan, and it brings good will to the company, and at the same time it does the public service. We have been nominated to receive the Freedom Foundation award.

Senator TOBEY. Well, that is in harmony with the times we are living in, but over a period of 10 years, you hear about these things, and what does the public-relations man do?

Mr. CHARNAY. Well, they do as much as they can to gain good will for their client through the press, radio, and television, et cetera.

They also advise the client what is the best way to proceed in the matter. They try to bring the level of personnel relations on a better scale than it has been in the past, and they are usually concerned with everything that is relative to the operations of a business, and in the operations of that business they try to correct that which they think is wrong in the operations. At the same time they try to publicize that which is good so they can get more clients or more business.

Senator TOBEY. In other words, it is to build up good will with the public at large, and the public powers of agency or business, so that the people may have a more understanding heart; is that it?

Mr. CHARNAY. That is right.

Senator TOBEY. Now, there was an Ivy Lee & Co. who represented Standard Oil or the Rockefeller interests?

Mr. CHARNAY. That is right.

Senator TOBEY. I was just thinking about that. That was their job; wasn't it?

Mr. CHARNAY. Yes; they are still in business.

Senator TOBEY. Who are some of the other leading houses?

Mr. CHARNAY. Well, Carl Beier has the leading organization of the country.

Senator TOBEY. They run at cross-currents with advertising agencies, don't they?

Mr. CHARNAY. Well, in our own interests we cooperate closely with BBDA, or with J. Walter Thompson, or other agencies concerned with our clients' advertising. Our work dovetails with theirs.

The CHAIRMAN. Benton & Bowles are an advertising agency, are they not?

Mr. CHARNAY. Yes, Benton & Bowles are an advertising agency.

The CHAIRMAN. How about Arthur G. Newmyer and Associates?

Mr. CHARNAY. They are a Washington outfit.

Senator TOBEY. That is Standard Oil, isn't it?

Mr. CHARNAY. That is one of their clients. It is a very reputable and a very good firm.

The CHAIRMAN. All right.

Mr. HALLEY. Mr. Charnay, you say you have not had any relationships with any of the racketeering elements at all?

Mr. CHARNAY. No; I never have. Yes; I have had relationships with them as a newspaperman.

Mr. HALLEY. But you have had no other business relationships with them?

Mr. CHARNAY. Not that I know of.

Mr. HALLEY. Well, did you participate in the Tournament of Champions?

Mr. CHARNAY. Yes; I did.

Mr. HALLEY. Who were your partners there?

Mr. CHARNAY. William Paley, the chairman of the board of the Columbia Broadcasting System; Music Corp. of America; and our firm; not me personally.

Senator TOBEY. What was that?

Mr. HALLEY. That was a tournament of champions.

Senator TOBEY. Was that a basketball tournament?

Mr. HALLEY. No; we had some evidence last night on it. It had to do with a boxing tournament.

Senator TOBEY. Thank you.

Mr. HALLEY. Who were the partners, please?

Mr. CHARNAY. William Paley, the chairman of the board of Columbia Broadcasting System. The Columbia Broadcasting System held the stock. Music Corp. of America, George Kletz, and our firm.

The CHAIRMAN. Let me write these down. William Paley, chairman of the board of the Columbia Broadcasting System. Was he president of the tournament?

Mr. CHARNEY. No; he was not. I was the president.

The CHAIRMAN. Who was the other one?

Mr. CHARNAY. I guess it is now known as the Management Corp. of America, but it was the Music Corp.

The CHAIRMAN. And they were a partner in it?

Mr. CHARNAY. Yes; they were equal partners.

The CHAIRMAN. Who else?

Mr. CHARNAY. George Kletz.

The CHAIRMAN. Is he with the Management Corp. of America?

Mr. CHARNAY. No; he is an individual.

Mr. HALLEY. And were there any other people concerned with it?

Mr. CHARNAY. No.

Mr. HALLEY. What was the corporate set-up, one single corporation?

Mr. CHARNAY. Yes; when I was president of it, there was one single corporation known as the Tournament of Champions, and the stock or shares were divided in equal shares of one-fourth apiece.

Mr. HALLEY. Who were the four?

Mr. CHARNAY. Kletz, Music Corp. of America, Columbia Broadcasting System, and Allied.

Mr. HALLEY. Weren't there any other individuals in that Tournament of Champions?

Mr. CHARNAY. I know what you are referring to, you are referring to the time of purchase. We bought it from those seven individuals.

Mr. HALLEY. What seven individuals?

Mr. CHARNAY. I can think of some of the names; Ben Bodney, Cohen, I can't think of who they were, but they were characterized as the seven millionaires.

Mr. HALLEY. Was there a man named Rutkin in the Tournament of Champions?

Mr. CHARNAY. Not at the time I was there. He had something to do with it, I understand, and I know about it, too.

If you want to start at the beginning, you have started at the end—

Mr. HALLEY. I think you had better do so, because we have had some testimony, I should say in all fairness, that differs from yours.

Mr. CHARNAY. It does not differ. It cannot differ. You started at the end. You have not started at the beginning.

Mr. HALLEY. Well, you go right ahead.

Mr. CHARNAY. The Tournament of Champions started as an idea of mine back, I don't recall the exact date, but it was in 1947 or 1948, at which time I suggested Graziano, the fighter, be permitted to fight—he had been barred here in New York, and that we put the fight on in New Jersey.

I did not have the finances to set up the corporation. I talked to a fellow by the name of Ben Reuben, who was—he is now dead—but he was connected, I think, with the Philip Morris people.

There was another fellow by the name of Spinelli, and I was introduced to him. Spinelli was a friend of Rutkin.

Between them they arranged to get a fellow named George Hale to buy the Tournament of Champions, which was never in existence, it was just being formed, and, as my share of it for getting Graziano to participate in it, I was given one-third of it. I did not own any stock in it; there was no stock issued in it; there was no corporation.

When they sold this thing to the seven people, I was retained by these seven people as their publicity man.

Mr. HALLEY. Before the sale to the seven people, the original Tournament of Champions consisted of you, Spinelli, and Rutkin; isn't that right?

Mr. CHARNAY. I was not a partner in it; I never was.

Mr. HALLEY. You got one-third of it.

Mr. CHARNAY. I got a third interest for producing the fights, for getting them to agree that they would go on with the fight.

Mr. HALLEY. Well, if you had a third interest, why weren't you a partner?

Mr. CHARNAY. There was no corporation set up; there was nothing set up.

Mr. HALLEY. Oh, there apparently was an informal copartnership; was there not.

Mr. CHARNAY. I cannot say that Rutkin was ever my partner in that deal, I just cannot.

Mr. HALLEY. Well, if he says you were his partner, then he is not telling the truth?

Mr. CHARNAY. It is a question of characterization. If you want to characterize me as a partner on a deal like that, then I would say "Yes."

Mr. HALLEY. How long did the three of you—you, Spinelli, and Rutkin—work together?

Mr. CHARNEY. I think this whole thing transpired in a period of weeks.

Senator TOBEY. Excuse me, gentlemen, but I will say goodbye to you all.

(Senator Tobey thereupon left the hearing room.)

Mr. CHARNEY. The firm of Phillips, Nizer, Benjamin & Krim handled the whole deal.

Mr. HALLEY. From the origin?

Mr. CHARNEY. At that time; yes.

Mr. HALLEY. Who originated it as between you, Spinelli, and Rutkin?

Mr. CHARNEY. Well, it was originally my idea.

Mr. HALLEY. And you went with it to Spinelli?

Mr. CHARNEY. No; I talked to Ben Reuben about it.

Mr. HALLEY. Who is he?

Mr. CHARNEY. Ben Reuben was an executive in the Philip Morris Co.; I think he had some association with them.

Mr. HALLEY. How did you get to Spinelli and Rutkin?

Mr. CHARNEY. Reuben got me to Spinelli. He did not get me to him, but he brought me into a conversation with him.

Mr. HALLEY. How did you get Rutkin?

Mr. CHARNEY. I did not get Rutkin in.

Mr. HALLEY. Who did?

Mr. CHARNEY. I presume Spinelli or Reuben, I just don't recall.

Mr. HALLEY. You say you were given a third of it because you produced Graziano. That does not make sense. On the one hand you portray yourself as a man who got a third for producing a fighter, and on the other hand you say that it was your idea and you originated it.

Mr. CHARNEY. I think it is pretty clear. There is no conflict.

Mr. HALLEY. The two concepts do not jibe.

Mr. CHARNEY. There is just one concept. I had this idea and I talked to Mr. Reuben about it in a casual conversation. He brought this fellow Spinelli into the picture.

Mr. HALLEY. Spinelli was in the Nutri-Cola business; wasn't he?

Mr. CHARNEY. Yes; he had a sirup plant.

Mr. HALLEY. What did he know about fights?

Mr. CHARNEY. I don't know.

Mr. HALLEY. What did you need him for?

Mr. CHARNEY. I did not need him.

Mr. HALLEY. Why did you go into business with him?

Mr. CHARNEY. He was the one who said he could sell this thing. I will tell you, Mr. Spinelli said that he would put up the money for it, and that was the reason, that was the only reason Mr. Reuben produced it.

Mr. HALLEY. What did Rutkin get out of it?

Mr. CHARNEY. I think Rutkin got into it through Spinelli.

Mr. HALLEY. Well, I don't understand it yet. You say you had this idea?

Mr. CHARNEY. Yes.

Mr. HALLEY. You had the idea and you had the fighter. First you said Spinelli was going to put it over, and you say Spinelli was the man who put up the money.

Mr. CHARNEY. He did not put up any money. He said he would.

Mr. HALLEY. Well, the man who could put up the money. I can see that. And I can see where you would get half and Spinelli would get half.

The next thing that apparently happens is that Rutkin is in there, and he has a third and you have a third and Spinelli has a third. You claim you are just a fellow being given a third because you were able to produce a fighter.

Mr. CHARNAY. That is right.

Mr. HALLEY. But you were the first one in it.

Mr. CHARNAY. Yes; I created it.

Mr. HALLEY. You made a deal with Spinelli.

Mr. CHARNAY. I was ready to give up at the same time.

Mr. HALLEY. I think you are ready to give it up now.

Mr. CHARNAY. Just a minute. I am not ready to give it up now.

Mr. HALLEY. I don't think you are being frank with us.

Mr. CHARNAY. I am being frank.

Mr. HALLEY. How about Rutkin? What was he doing there? How did he get in? What was the association?

Mr. CHARNAY. Mr. Rutkin got in through Spinelli, I believe. I did not go to Rutkin.

Mr. HALLEY. Well, did Spinelli come back to you and say, "I want you to cut a third man into this"?

Mr. CHARNAY. All Spinelli told me was that this thing was being sold, and that Mr. Hale was producing some people who were buying it. I knew him. He told me that my share would be one-third for the sale of it.

Mr. HALLEY. That was some time later. As I understand it, there was a considerable amount of activity before the time of the sale. As a matter of fact, you sold it and got some money out of it; didn't you?

Mr. CHARNAY. Yes; I did.

Mr. HALLEY. You developed it, then; did you not?

Mr. CHARNAY. I developed what?

Mr. HALLEY. The idea, and you brought it to a head.

Mr. CHARNAY. When the thing was sold, and as I stated a moment ago, those people who bought it retained us as their public-relations counsel, and paid us for it.

Mr. HALLEY. Well——

Mr. CHARNAY. You want to hear the full answer; don't you?

Mr. HALLEY. Sure.

Mr. CHARNAY. When they retained us, that was part of the deal. I would get one-third for the transfer of this thing to them, plus the fact that we would be retained to handle their public relations and handle their radio and television commitments, which was precisely what we did.

Mr. HALLEY. I know you are sensitive about this, so don't get any wrong ideas. I will tell you right now in the presence of the chairman that we knew nothing about this until Mr. Rutkin, out of a clear sky, presented it after we asked you to come in. We were very much surprised when he said he had been a partner of yours in this tournament.

Mr. CHARNAY. I have nothing to hide. I am not ashamed of anything. It was a very normal business transaction.

Mr. HALLEY. How did you have any dealings with anyone like Rutkin?

Mr. CHARNAY. Well, this is about the only thing there is, and I think Rutkin's deal in this thing was very remote to mine. He did not deal directly with me.

Mr. HALLEY. Did you talk to him?

Mr. CHARNAY. Oh, yes; I talked to him.

Mr. HALLEY. You met with him occasionally; didn't you?

Mr. CHARNAY. Sure I did.

Mr. HALLEY. And you became fairly good friends?

Mr. CHARNAY. I had known the man for some time, I guess.

Mr. HALLEY. You had known him before that, had you not?

(No answer.)

The CHAIRMAN. He said last night—excuse me for interrupting you—but he said last night that over a period of some time you and he and Spinelli sat down as partners and worked out who would do what, and you worked the thing up together, and finally agreed on the sale, and each one of you got a third.

Mr. CHARNAY. Well, Senator, if he considered himself my partner, I cannot argue the point.

The CHAIRMAN. What did you consider it?

Mr. CHARNAY. I considered them as a catalytic agent.

The CHAIRMAN. When you came into the thing, when he came into it, what was he to get out of it?

Mr. CHARNAY. He got one-third for producing the buyer.

The CHAIRMAN. He put up some money, too?

Mr. CHARNAY. That I don't know anything about.

The CHAIRMAN. That is what he said.

Mr. CHARNAY. I cannot deny that. I don't know.

The CHAIRMAN. Well, he got a third for producing the buyer, and you got a third for originating the idea, and Spinelli got a third for being willing to put up some money, apparently; is that about the size of it?

Mr. CHARNAY. Yes; I would say that is so.

The CHAIRMAN. Frankly, it is a little bit surprising, and I don't think it is probably a good thing—well, we had better get this thing settled once and for all, from the reports and rumors that are flying around, but this thing came up so we had no alternative but to call you in and ask you about it. Of course, the surprising thing is that you would be doing business with Rutkin. I mean, Rutkin has a pretty bad record, as you know.

Mr. CHARNAY. I found out.

The CHAIRMAN. Dating back to the brewery days and rum-running days back in Canada, in gambling operations, and quite a number of other things.

Mr. CHARNEY. Yes; I know.

The CHAIRMAN. This was during the time when it was quite well known, he was already in litigation with Reinfeld, and it was general information, and with the Seagram people, what is their name?

Mr. HALLEY. The Bronfmans.

The CHAIRMAN. The Bronfmans.

He had been arrested quite a number of times up to that time, so we just don't know what you were doing in this deal with him.

Mr. CHARNAY. Well, the first time I met him, I think, was back in 1946 or 1947. I am not quite sure of that. He gave me a tip on a story that he was going to sue Reinfeld.

The CHAIRMAN. Well, it had already been in the papers that Reinfeld had alleged that he had been stuck up with a gun for \$250,000 by Rutkin, which, however, Rutkin denies, he says it was not a stick-up, that he was getting back part of his capital investment out of the Brown Vintner Co., and that happened back in 1942.

Mr. CHARNAY. I had not seen any such story, Senator. I checked his story pretty thoroughly, and I didn't do much about it, except the fact that he had brought action against these people.

Mr. SCHULTZ. Might I suggest that we try to get some dates? Perhaps it would help orient this matter.

Mr. HALLEY. Let us have from Mr. Charnay the date on which he entered the Tournament of Champions deal.

Mr. CHARNAY. I would say it was sometime in 1947.

Mr. HALLEY. 1947?

Mr. CHARNAY. Yes.

Mr. HALLEY. Well, as the chairman said—

Mr. CHARNAY. It may have been 1948, I am not sure.

Mr. HALLEY. As the chairman said, the litigation with Reinfeld and Rutkin had started as early as 1946, and there had been some publicity on it. I am quite sure of that. How did you first meet Rutkin?

Mr. CHARNAY. I am not hesitating, but I am just trying to recall. I think I was introduced to him on the street by some other newspapermen. We were talking about back in 1946 and 1947, and that is the first time I met him, and I didn't see much of him after that, and then when this Tournament of Champions deal came up I had my second introduction to him.

Mr. HALLEY. Through Spinelli?

Mr. CHARNAY. Through Spinelli, and Reuben, I guess.

Mr. HALLEY. At that time did you know about Rutkin's reputation?

Mr. CHARNAY. I didn't know it was as notorious as I later found out, but I knew he had a background.

Mr. HALLEY. What kind of a background did you know he had, and how did you know it?

Mr. CHARNAY. Well, I knew he was a partner of this fellow Reinfeld in the prohibition days, they were bootleggers.

Mr. HALLEY. Did you know about his lawsuit against Reinfeld?

Mr. CHARNAY. He told me about it. In fact, he told me that it was going to be a big story, and a lot of other things which I checked, and I didn't do very much about.

Mr. HALLEY. Had you ever, in connection with your Costello investigations, gone to any of these gambling places in Jersey that were run by the big mob, the so-called carpet places and sawdust places?

Mr. CHARNAY. I was in one place.

Mr. HALLEY. Which one were you in?

Mr. CHARNAY. It was somewhere out around Paterson, N. J. I don't know exactly where it was.

Mr. HALLEY. Did you ever see Rutkin there?

Mr. CHARNAY. No; I never saw Rutkin in any gambling place.

Mr. HALLEY. Did you know he was in the gambling business?

Mr. CHARNAY. No; I did not. I saw it in the papers just recently, and it surprised me.

Mr. HALLEY. You only knew him as a bootlegger?

Mr. CHARNAY. That is all.

Mr. HALLEY. Who took you out to the place in Paterson? Was it in Paterson?

Mr. CHARNAY. It was somewhere around Paterson. I am not quite sure of the location. I don't think it was right in town, it was right on the outskirts of town.

Mr. HALLEY. Did you become fairly friendly with Rutkin during the course of your association?

Mr. CHARNAY. Just during that period. In fact, I lost sight of the man after that.

Mr. HALLEY. But during the period of the Tournament of Champions you were fairly close to him?

Mr. CHARNAY. I would not say close to him. I would see him time and again.

Mr. HALLEY. Did you ever try to help him?

Mr. CHARNAY. In what way?

Mr. HALLEY. In any way, in connection with anything other than the Tournament of Champions.

Mr. CHARNAY. Well, that is a very broad question. What do you mean by helping him?

Mr. HALLEY. Did you ever go out of your way to do him a favor of any kind?

Mr. CHARNAY. Such as what?

Mr. HALLEY. Well, first can you think of anything.

Mr. CHARNAY. That is a very broad term. Did I make a phone call for him, or something like that? Is that what you mean?

Mr. HALLEY. Yes.

Mr. CHARNAY. You are probably referring to this Reinfeld story. I checked the story for him. I did not check it for him, but he was giving me what he thought was an honest-to-God tip, and when I didn't run the story Mr. Rutkin got very angry with me and would not talk to me.

Mr. HALLEY. Why didn't you run it?

Mr. CHARNAY. It just didn't have much merit. I think my paper used about three paragraphs on the fact that such a suit had been filed.

Mr. HALLEY. Why did you feel that it did not have any merit?

Mr. CHARNAY. Well, we judged it on its value, and three paragraphs was about par for the course.

Mr. HALLEY. Did you ever call the SEC about the Reinfeld case?

Mr. CHARNAY. I might have. I don't know.

Mr. HALLEY. Did you tell them you were going to write a story about it?

Mr. CHARNAY. I probably did.

Mr. HALLEY. Do you remember it at all?

Mr. CHARNAY. I probably covered every angle there was to be covered on the story, because I usually did that when I covered a story.

Mr. HALLEY. How would you cover an angle with the SEC, and what would you have in mind?

Mr. CHARNAY. I was looking probably for who the stockholders were.

Mr. HALLEY. Well, did you ever call the SEC to tell them that you had some information you were going to break in your paper, and you thought they ought to know about it?

Mr. CHARNAY. I think I did.

Mr. HALLEY. What were the circumstances, do you remember?

Mr. CHARNAY. We had some information that was sent down from—this a long way back, and it is very hard for me to put my finger on a story I covered some years ago.

Mr. HALLEY. About 3 years ago I am talking about, at the very end of 1947.

Mr. CHARNAY. I imagine I covered about two or three hundred stories a year.

Mr. HALLEY. I know you were busy, and I can well understand your failure to remember.

Mr. CHARNAY. I am trying to remember for you, and I would say that I think we had some information from a correspondent up in Canada on the background of the Bronfman family.

Mr. HALLEY. Well, you did not need that information from a correspondent. You could get that from Rutkin, couldn't you?

Mr. CHARNAY. No, I couldn't get it from Rutkin. I would not go on the word of any man. I would have to check and double check it first.

Mr. HALLEY. Well, did you not actually talk to Mr. DuBois of the SEC?

Mr. CHARNAY. I probably did.

Mr. HALLEY. Do you know Mr. DuBois?

Mr. CHARNAY. Well, I might have known him and met him once, probably.

Mr. HALLEY. You don't remember meeting him?

Mr. CHARNAY. Prior to that time, no. I only met him once, when I called him at the SEC.

Mr. HALLEY. Do you mean you went down and saw him?

Mr. CHARNAY. I think so.

Mr. HALLEY. You must have had a story with you.

Mr. CHARNAY. I must have had a lot of facts with me. I did not have a prepared story.

Mr. HALLEY. Where did you get your facts?

Mr. CHARNAY. As I started to tell you, and I think if you will check the records of the Daily News you will find out that about that time we wired several correspondents up in Canada, who subsequently sent us wires back on the background of that story. The Western Union file should show that. The expense account records should show that. The file copies in the morgue should show what the responses were, what information we had on which we went to check.

Mr. HALLEY. Did you get any information from Rutkin?

Mr. CHARNAY. Sure I did. Rutkin was the original source of the story.

Mr. HALLEY. What was the story? Was it about the Reinfelds, or about the suit?

Mr. CHARNAY. Rutkin told me that he was bringing a fantastic suit for about \$20,000,000, and that there was fraud involved, and everything else, which involved Seagram and the entire liquor industry, and it would bring in most every big name in the liquor industry.

It sounded on the surface like a good, exclusive story for me. The result of it is, and the history of that story is that we ran three paragraphs on it.

Mr. HALLEY. Well, is it not a fact that you went to the SEC, and you told them that Rutkin was going to prove certain things, not that certain things were true, but that Rutkin intended to allege and prove certain things?

Mr. CHARNAY. I told him what Rutkin's allegations were. I checked the story with Rutkin, I checked it with the advertising agency that represented Seagram, and I checked it with a half-dozen people.

MR. HALLEY. Actually, you said you were going to break the story on the filing of the complaint, is not that so?

MR. CHARNAY. I might have said that; yes. We always break those stories on the filing of the complaint.

MR. HALLEY. Well, if you were just going to repeat what the complaint said, you would be perfectly protected in just saying what the complaint said.

MR. CHARNAY. I think you are familiar with the newspaper business, and you know quite well when litigation is coming up, or some other type of story like it, we must check thoroughly on the background. There is nothing sinister in what I did on that story.

MR. HALLEY. Weren't you trying to get the SEC to jump in on the other side in an effort to help?

MR. CHARNAY. That is fantastic, and fabulous.

THE CHAIRMAN. Well, I don't see the point of getting in touch with the SEC. The SEC would not know anything about it, would they? I mean, why did you get in touch with the SEC?

MR. CHARNAY. I got in touch with the SEC to get information.

THE CHAIRMAN. What information could they give you? You did all of the informing, apparently. According to the record you did not ask the SEC for any information.

MR. CHARNAY. Yes, I did. They told me they would not give out any information, but that they would be quite interested in having what we had.

MR. HALLEY. Did you ever have any connection with the Copacabana, a night club?

MR. CHARNAY. Yes, I did.

MR. HALLEY. What was that?

MR. CHARNAY. In 1944 or 1945, I became public relations counsel to Monte Prosser, and Mr. Prosser came to me, he called me, and I had known Mr. Prosser since 1932, he was a friend of mine, and Mr. Prosser called me and told me that he was having his name linked with hoodlums and gangsters, and they were alleging that Frank Costello owned the Copacabana, and they were about to take away his license, because the publicity was very bad, and could I help him out with it.

MR. HALLEY. That was Monte Prosser?

MR. CHARNAY. Yes; and I had known Monte Prosser since 1932 or 1933.

MR. HALLEY. You were then working for the News?

MR. CHARNAY. No, in 1932 or 1933; no, I was not.

MR. HALLEY. In 1945, when he came to you?

MR. CHARNAY. Yes, I was.

MR. HALLEY. Go ahead, please.

MR. CHARNAY. And Mr. Prosser said that he would pay me \$225 a week to act as his public relations counsel and try to get the onus off these names.

At that time there was a litigation taking place in the magistrate's court, I think it was, as to revoking the license of the Copacabana, and Mr. Prosser asked me to talk to a friend of mine, an associate, with whom I was in the public relations business, attempting to get Russell H. Potter, Mr. Potter was formerly the OPA director for the city of New York and resigned, and he was a Connecticut man. I

talked to Mr. Potter, and Mr. Potter recommended the firm of Weil, Gotshal & Manges, to represent Mr. Prosser, which we did.

I presume in the absence of questions you want me to keep talking about this?

Mr. HALLEY. Yes, I am listening. I am trying to look at some notes.

Mr. CHARNAY. And Weil, Gotshal & Manges were an eminent law firm in the city of New York, and they undertook the case, and had brought in Mr. William Herlands as special counsel, who was formerly commissioner of investigation of the city of New York, and had conferences with Mayor LaGuardia, who insisted that the license of this place be revoked, because it was allegedly owned by an unwholesome element, and particularly Mr. Frank Costello.

By stipulation with the mayor's office and the corporation counsel's office, and I think this is all a matter of record, they consented to throw out all of the so-called element that was in there, although they never admitted that Mr. Costello was any part of it, and at that time a man by the name of Julie Podell, who is present owner of the Copacabana, was one of the chancres in the situation, and the mayor's office wanted him out.

Well, he stepped out to all intents and purposes.

Mr. HALLEY. Podell?

Mr. CHARNAY. Yes.

Mr. HALLEY. He is in there now, isn't he?

Mr. CHARNAY. Of course he is in there.

Mr. HALLEY. And he has been in there right along?

Mr. CHARNAY. He did not come in until O'Dwyer came into office. I resigned—I would like to point out at that time that I did have a talk with Mayor LaGuardia myself, and they were looking around for a director who would be acceptable to the mayor's office, and acceptable to the corporation counsel's office, and I was put in on a pro tem basis. I have the papers here, gentlemen, I brought them down with me. I managed to dig up these records.

I stayed in there for a short period of time. When I found out that Mr. Podell was still to all intents and purposes the owner of the Copacabana, I tendered my resignation and got out but fast. I would like to show those to you.

The CHAIRMAN. How long were you in there?

Mr. CHARNAY. Only for a short period of time, 3 or 4 months at the most.

I have a confirmed copy of the original, and I was advised to tell you people that if you wanted to see the original, any of your investigators can go up and get a copy of it.

Now, here is a contract between myself and the Copacabana, which is to pay me the sum of \$225 a week for a 2-year period. They reneged on the contract and never paid me off in full.

The CHAIRMAN. They never paid you?

Mr. CHARNAY. For the 3 or 4 months I was in there, they reneged on the contract.

The CHAIRMAN. May I see that, please?

Mr. CHARNAY. Yes. Here is my letter of resignation. I found that copy. It is dated February 28, 1945.

Mr. HALLEY. Well, this is the letter accepting your resignation, but it is not your resignation.

Mr. CHARNAY. I gave them the letter of resignation and they accepted it.

Mr. HALLEY. You do not have a copy of your letter?

Mr. CHARNAY. I feel very fortunate in finding that. I didn't think I had that around.

Then I have here minutes of a special meeting of the stockholders. Now, it should be in their records, which I think tells pretty much what the story was at that time.

It states here in one of these resolutions that :

David B. Charnay is hereby appointed to serve until the next annual meeting of the board of directors of the corporation—

and so forth.

It was my understanding that I would go in for a short period of time. It was the mayor's understanding and the corporation counsel's understanding, and my name had to be submitted to the mayor's office, or the name of the successor had to be submitted before they could approve it.

The CHAIRMAN. This contract is a copy. Do you want to leave that with us, or is this your only copy? We don't need it particularly.

Mr. SCHULTZ. It is our only copy.

The CHAIRMAN. Let the record show that this is a contract dated September 30, 1944, between Mr. Charnay and the Copacabana, and the compensation to be an annual fee of \$11,070, payable \$225 a week. And then the letter is dated February 20, 1945, stating :

Your resignation as vice president, secretary, and director of the Copacabana, Inc., as tendered by you today, is herewith accepted and becomes effective immediately. Very truly yours.

And it is signed by the general manager and director and Monte Prosser, president.

(The chairman handed the documents back to the witness.)

The CHAIRMAN. So you were in there from September to February.

Mr. CHARNAY. Yes, sir.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. Who took over after Podell got out?

Mr. CHARNAY. I think it is contained in the minutes.

Mr. HALLEY. I could not find it.

Mr. SCHULTZ. There is a paragraph that lists all of the names.

Mr. HALLEY. Of those who got out?

Mr. SCHULTZ. Those who were to be removed by stipulation between the corporation counsel's office and Weil, Gotshal, and Manges.

Mr. HALLEY. Didn't Monte Prosser have a background in the gambling field?

Mr. CHARNAY. Not that I know of. Monte Prosser is a very innocuous little man who has concerned his whole life with producing and promoting shows.

Mr. HALLEY. We may be wrong, but we get a lot of information that has to be checked.

Mr. CHARNAY. I don't think Monte Prosser is smart enough to be in the gambling business.

Mr. HALLEY. Wasn't he up at Piping Rock at the same time Costello was?

Mr. CHARNAY. Gentlemen, I don't know that.

The CHAIRMAN. Here is section 7-F contained in the minutes and it says—is that what you are referring to, where it mentions Jules Podell, Joe Stein, and some other names, saying that they would be immediately terminated and they would not be employed thereafter or have any further interest, directly or indirectly on the premises, nor be permitted on the premises at any time in the future?

Mr. CHARNAY. Yes.

The CHAIRMAN. After you found out that Podell was really not out, but just pretending to be out, did you report that to the mayor's office, or did you just resign?

Mr. CHARNAY. I did not report it; I just resigned. I had no actual proof, Senator, other than the fact that he was ordered to stay out of the Copacabana and never show his face there, never step inside the premises, and I later found out that he was issuing the orders down there, and I don't think Monte Prosser played very square with me on the deal either.

Mr. HALLEY. What was wrong with Podell that you know of?

Mr. CHARNAY. The only thing I knew of was that the corporation counsel, or whoever was prosecuting the thing at the time, alleged that Mr. Podell had committed one violation of the law at some time with a pistol.

Mr. HALLEY. Before you got into the Copacabana deal did you know Costello?

Mr. CHARNAY. No; I never knew him and did not meet him for 6, 7, or 8 months after.

Mr. HALLEY. You never met him before that?

Mr. CHARNAY. No; I wouldn't know him if I fell over him.

Mr. HALLEY. What was the day he went to the Copacabana, October 1944?

Mr. CHARNAY. I might point out that I saw Mr. Costello in the flesh for the first time as a newspaper reporter at the hearing at the time that the Copacabana was up for its license.

Mr. HALLEY. Well, all the evidence on Piping Rock shows that both Podell and Prosser was in that set-up with such gentlemen as Frank Costello, Joe Adonis, and Meyer Lansky.

Mr. CHARNAY. What year was that?

Mr. HALLEY. I think 1943, a year before you became associated with them.

Mr. CHARNAY. Well, I had not been in Saratoga, I did not know anything about it. I heard the testimony at the time of the Copacabana hearing, which alluded to Mr. Costello and Mr. Podell and Mr. Prosser being in that thing, but I did not know Mr. Prosser was ever a partner of Mr. Costello's.

Mr. HALLEY. You had heard that Prosser was in Piping Rock?

Mr. CHARNAY. That came out, in fact, we did stories about it. May I see those Copacabana stories?

Mr. HALLEY. I thought you said a few minutes ago that you had not realized that Prosser was in Piping Rock.

Mr. CHARNAY. I did not. I heard that story.

Mr. HALLEY. But you say you did stories on it?

Mr. CHARNAY. Would you repeat that, Mr. Halley?

Mr. HALLEY. I had the impression that you originally told me you did not have any idea Prosser was in on the Piping Rock deal with Costello.

Mr. CHARNAY. No; I did not. I said I heard the allegation, but I did not know he was.

Mr. HALLEY. Oh, you mean you could not prove it in a court of law?

Mr. CHARNAY. No; I could not prove it.

Mr. HALLEY. Had you heard about it before you became a member of the board of directors of the Copacabana?

Mr. CHARNAY. I heard it at the time of the hearing, but that was the very thing that Monte Prosser denied up and down the line. He said all he did was to put on a show there. I think it came out in the trial all he did was to put on a show. In fact, here is a story of the hearing. It is not in very good shape. I had it photostated. The date of it is September 16, 1944, which appeared in the Daily News under my byline, and bear the lead: "Costello walks out on police in probe of Copacabana Club," and my allusion to Mr. Costello was the following:

Frank Costello, the slot-machine baron who makes judges—there is the story right there.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. CHARNAY. Yes; I think I have met him.

Mr. HALLEY. Where did you meet him?

Mr. CHARNAY. I would like to point out that as a newspaperman it was my assignment to get to know all the hoodlum element, and I don't recall where I met him. I might have met him in some cafe.

Mr. HALLEY. Did you ever have a partner by the name of Erbe?

Mr. CHARNAY. Carl Erbe; yes.

Mr. HALLEY. When was he in partnership with you?

Mr. CHARNAY. Well, I will find the record on that.

The CHAIRMAN. Well, give us your best impression about the matter.

Mr. CHARNAY. I thought I had it here.

Mr. HALLEY. Just generally, Mr. Charnay.

Mr. CHARNAY. It was either the latter part of 1947 or 1948, and I asked him to step out about a year later.

Mr. HALLEY. Why did you ask him to step out?

Mr. CHARNAY. We had some personal differences. I brought him in because he was considered one of the better press agents in the town, and I had another partner by the name of Charles Maybrook, with whom I founded the business, incidentally. Maybrook's background was that of a lawyer and accountant, a certified public accountant, and he did not know much about press relationships, and I wanted someone to take the load off my shoulders in handling the exploitation of our business, so I got Erbe in there.

Mr. HALLEY. Did Erbe have any racket connections?

Mr. CHARNAY. I don't know whether you could call them that, but he was press agent for a number of night clubs, and I doubt very much whether—you know how these night clubs are in this country. I know that he represented a number of night clubs.

Mr. HALLEY. Did he represent Ben Marden?

Mr. CHARNAY. Yes, sir.

Mr. HALLEY. Did he do that while he was a partner of yours?

Mr. CHARNAY. Definitely not, so far as I know. Of course, he only met Mr. Marden once in his life.

Mr. HALLEY. Who was Arthur Halfpenny?

Mr. CHARNAY. He was someone who was put in my business by Mr. Rothwell as his representative.

Mr. HALLEY. Who is he?

Mr. CHARNAY. I told you at the outset that he was my partner.

Mr. HALLEY. Did you get rid of him, too?

Mr. CHARNAY. Yes.

Mr. HALLEY. What was the objection to Halfpenny?

Mr. CHARNAY. I found out that Mr. Halfpenny had a background.

Mr. HALLEY. A racket background?

Mr. CHARNAY. Yes, I did; I found it out.

Mr. HALLEY. What did you learn about him?

Mr. CHARNAY. I found out that Mr. Halfpenny, I don't recall exactly what it was, and I don't know the details of the case, but I do know that he had been arrested and served time in prison, and the day I found it out was the day I fired him. I asked him to get out of the place. He was not on our payroll.

Mr. HALLEY. For what had he been convicted?

Mr. CHARNAY. I am not certain of the details. I still to this day don't know the exact details of what he had been convicted for, but I did ask a newspaper reporter to check the files for me and see whether this was true or not, and when I confronted Halfpenny with the information, he admitted it and cried copious tears. I told him I could not have him in the organization.

The CHAIRMAN. Why would your partner put him in the business?

Mr. HALLEY. Mr. Rothwell is not operating in the business?

The CHAIRMAN. Not what?

Mr. CHARNAY. He is not an active partner.

The CHAIRMAN. He is not an active partner?

Mr. CHARNAY. No.

Mr. HALLEY. Could I see your stories about the Copacabana?

Mr. CHARNAY. I just have this one here.

Mr. HALLEY. Thank you.

The CHAIRMAN. This is not in very good shape.

Mr. CHARNAY. Here is another story on the Copacabana.

Mr. HALLEY. Were you ever at a press conference with Costello at which you acted in the role of his adviser?

Mr. CHARNAY. No; that story has always plagued me. Mr. Costello told me that he was going to give me a story the day that his name was linked with the dope ring, and I thought I was going to get it exclusively, because the man had never given a press interview to anyone directly.

His lawyer fought with him—well, I tried to convince him to give me the story alone, but his lawyer fought me on it, Mr. Wolf, and he insisted that he give it to all the press.

I called my office and talked to Mr. Shann, who is the editor, and told him what the circumstances were, and he said, "Stall the conference as long as you can until we get a photographer down there." Which is what I did do.

Costello then held a press conference at which I was present. I certainly did not act as his adviser in any way.

The CHAIRMAN. Well, in that connection I will ask you to be frank with us. The boys who are around say that it had that appearance, that he would start to say something or suggest some mode of operation, or some procedure, and he would say, "Dave, you be quiet, let me do the talking."

Mr. CHARNAY. I said that.

The CHAIRMAN. No; that is what he would say.

Mr. CHARNAY. He would say, "Dave, be quiet, and let me do the talking." I don't think those are the facts. I may have dominated almost any type of conference, but I at no time remember that he said, "Let me do the talking."

The CHAIRMAN. I don't mean let you do the talking, but that the impression was that you were there and you had the thing arranged, and that you were talking, and that he told you to be quiet and let him do the talking.

Mr. CHARNAY. I don't think that is so, Senator.

The CHAIRMAN. That is what a lot of the boys think.

Mr. CHARNAY. I know, I have had a couple of them hit me with that thing from time to time. Frankly, I did not want to hold any press conferences, if I could have the story alone it would have been an exclusive, and that is what I was after.

Mr. HALLEY. Did you print the story?

Mr. CHARNAY. Here it is.

Mr. HALLEY. May I see it, please?

Mr. CHARNAY. Yes. Here I call him a gambler and real-estate operator.

Mr. HALLEY. I mean of this particular press conference.

Mr. CHARNAY. That is the story of the press conference, here it is, that is the top part, and that is the jump on it.

Mr. HALLEY. Thank you. Well, these reporters, and I must say there are several of them, and I don't think they bear you any animosity, and I don't know that it has any particular significance except for your vehement denials that you made to me previously.

Mr. CHARNAY. If I were Mr. Costello's public-relations man I would certainly be ashamed to admit it according to the nature of the job that has been done on this man. I don't know whether he deserves it or does not deserve it. But I could not take credit for the terrible publicity job that has been done on him. I assure you that if I had handled Mr. Costello, it would be a lot better than this.

Mr. HALLEY. Do you have other copies?

Mr. CHARNAY. I do not, but that is all right.

Mr. HALLEY. May the record show that this is a photostatic copy of an article which appeared in the Daily News under the by-line of Mr. Charnay and Mr. Jaiker, December 31, 1946.

Mr. CHARNAY. Well, whatever the date is on there. I cannot make it out.

Mr. HALLEY. I cannot make it out.

The CHAIRMAN. Suppose we have some more photostats of these made and send them back to Mr. Charnay and put them in the record.

Mr. CHARNAY. I am sure the Daily News would be glad to supply you with their whole file.

The CHAIRMAN. Is this the only press conference?

Mr. CHARNAY. That is the only one I ever attended with Mr. Costello.

The CHAIRMAN. Were there several reporters present?

Mr. CHARNAY. I would say every paper in town was represented.

The CHAIRMAN. Have you ever attended any interviews with Costello at which there were less reporters present?

Mr. CHARNAY. There was only one other, and I think a lot of my troubles come from being what I term a nice guy. That was at the time that Earl Wilson asked me to introduce him to Costello for the purpose of getting a story, and I did. Then a fellow named Spivak showed up with him. That was a favor of one newspaperman to another.

I have also asked newspaper men to introduce me to someone for the purpose of getting an interview. I had a roving assignment, and I was always out digging out stories.

The CHAIRMAN. Well, let us get this matter straight, then. If you never accepted any—or if you never represented Mr. Costello and you never had any relations with him except as a newspaperman in getting a story, and never accepted any compensation from him or any outfit that he is connected with, is that correct?

Mr. CHARNAY. That is absolutely correct.

The CHAIRMAN. That is, if you knew he was connected with them.

Mr. CHARNAY. That is right.

The CHAIRMAN. And you told about the Copacabana, you told about the tournament of champions. This fellow Erbe, was he in your association when he went over to Europe in connection with the Monte Carlo transaction?

Mr. CHARNAY. I did not know that he did. This is news to me.

The CHAIRMAN. You don't know anything about that?

Mr. CHARNAY. No; I did not. Mr. Erbe and Mr. Maybrook are partners in a public relations business right now and competitors of mine. There has been some bad feeling engendered there. We don't talk to each other. Then I have no way of knowing whether he ever went to Europe or not.

The CHAIRMAN. Well, it probably was some other time. I don't know the alleged date. I don't have it here.

Now, there has also been one time I heard a rumor, and I know you will say there is nothing to it, but I think it ought to be on the record, that you had some part in the public relations for the Desert Inn opening in Nevada, or some such transaction in connection with the Desert Inn, and I wanted to ask you about that.

Mr. CHARNAY. I wouldn't know of that, other than the fact that it is in Las Vegas. I have never been in the State of Nevada.

The CHAIRMAN. You had nothing to do with it?

Mr. CHARNAY. Or who owns it or what it is like.

The CHAIRMAN. Or the Flamingo?

Mr. CHARNAY. I would not know that.

The CHAIRMAN. Of course, there would not be any reason why you should not represent them, because gambling is legal out there.

Mr. CHARNAY. It just so happens that I have been accused of being the head of the Mafia, and a half dozen other things. I have an excerpt of Mr. Lee Mortimer's book in which he says that I am a bigger man than Costello, and so forth. I don't know why I put in 10 or 12 hours a day in working as a public relations man if I am.

The CHAIRMAN. Off the record.

(Discussion off the record.)

Mr. SCHULTZ. Is there any additional material you would like?

The CHAIRMAN. No; but if you think of anything you would like to have us consider, write a letter and send it on to us.

Now, this question of how long a period of time from the time Rutkin first came into this tournament of champions and the time it was sold, how much time expired?

Mr. CHARNAY. A matter of 6 or 8 weeks.

The CHAIRMAN. And the second question is, did you stay on the News at the time you were at the Copacabana?

Mr. CHARNAY. Yes; with the knowledge of my editors.

The CHAIRMAN. Yes; you explained that to them?

Mr. CHARNAY. Yes; I did.

The CHAIRMAN. All right.

Mr. CHARNAY. In fact, everything I have done, Senator, I first got permission from my paper to do it.

The CHAIRMAN. All right, that is all.

Mr. SCHULTZ. Are we privileged to buy a copy of these minutes?

The CHAIRMAN. You are indeed.

Mr. HALLEY. That is with the usual understanding that it is for your confidential use only.

Mr. SCHULTZ. Of course. Thank you.

(Witness excused.)

The CHAIRMAN. Who are you going to call next?

Mr. HALLEY. Mr. Neal.

The CHAIRMAN. Good evening, Mr. Neal. I am sorry we have had to keep you waiting and inconvenienced you so much. We will try to make it brief. All right. Will you raise your right hand and be sworn, sir.

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. NEAL. I do.

TESTIMONY OF CLARENCE H. NEAL, JR., NEW YORK, N. Y.

Mr. HALLEY. What is your full name, Mr. Neal?

Mr. NEAL. Clarence H. Neal, Jr.

Mr. HALLEY. Where do you live?

Mr. NEAL. 410 East Fifty-seventh Street.

Mr. HALLEY. And what is your business?

Mr. NEAL. I am retired.

Mr. HALLEY. What was your last business?

Mr. NEAL. I was in the printing business, the Berlan Printing Co.

Mr. HALLEY. The Berlan Printing Co.?

Mr. NEAL. Yes.

Mr. HALLEY. And there was an investigation of the Berlan Printing Co., was there not?

Mr. NEAL. There was, yes.

Mr. HALLEY. Were you in it at that time?

Mr. NEAL. I was subpoenaed, and that is the last I heard of it.

Mr. HALLEY. You were not one of the people who was convicted as a result of it?

Mr. NEAL. Oh, no.

Mr. HALLEY. Have you ever belonged to any Democratic or other political organizations?

Mr. NEAL. I was district leader for 25 years.

Mr. HALLEY. Where were you district leader?

Mr. NEAL. In Harlem.

Mr. HALLEY. What district?

Mr. NEAL. Twentieth Assembly District, and it is now the Sixteenth Assembly District.

Mr. HALLEY. Do you know Frank Costello?

Mr. NEAL. I know him for about 35 years.

Mr. HALLEY. Has he been a good friend of yours?

Mr. NEAL. Not a good friend, just a social friend.

Mr. HALLEY. We are trying to move along, and the hour is getting late. We have not had dinner, and I suppose you have not.

Mr. NEAL. That is right.

Mr. HALLEY. So I will try to short cut and move on informally.

What has been Costello's position with reference to politics in this city?

Mr. NEAL. None that I know of. I know him for 35 years. I have been in politics for 45 years, and he never asked me for a favor yet.

Mr. HALLEY. Has he been in a position of influence in politics?

Mr. NEAL. No; not to my knowledge.

Mr. HALLEY. When did you last see him?

Mr. NEAL. What did you say?

Mr. HALLEY. When did you last see him?

Mr. NEAL. I saw him one day last week at the National Democratic Club. He was having lunch and I was having lunch. He was with some other people.

Mr. HALLEY. Was he with you?

Mr. NEAL. No.

Mr. HALLEY. Who was he with?

Mr. NEAL. I don't know who, he was with a couple of them.

Mr. HALLEY. Did you talk to him at that time?

Mr. NEAL. Yes; sure.

Mr. HALLEY. About the investigation?

Mr. NEAL. Not about the investigation, just "How are you doing?" that is all.

Mr. HALLEY. Were you present at Frank Costello's apartment at any time?

Mr. NEAL. I was there once, I think.

Mr. HALLEY. When was that?

Mr. NEAL. Oh, about 8 or 9 years ago, I guess.

Mr. HALLEY. Was there anyone else present?

Mr. NEAL. No; just Mrs. Neal and myself.

Mr. HALLEY. Were you there for dinner?

Mr. NEAL. No; we went out for dinner.

Mr. HALLEY. With Frank and Mrs. Costello?

Mr. NEAL. That is right.

Mr. HALLEY. Has he ever been to your home?

Mr. NEAL. No.

Mr. HALLEY. And that is the only occasion when you were at his home?

Mr. NEAL. At his home.

Mr. HALLEY. You have gone out with him socially on other occasions?

Mr. NEAL. What did you say?

Mr. HALLEY. I say, you have gone out with him on other occasions?

Mr. NEAL. No.

Mr. HALLEY. Not at all?

Mr. NEAL. I have met him at different places, bars and restaurants and hotels, but never by any definite appointment. May I smoke?

Mr. HALLEY. Oh, surely; yes, go right ahead.

What has been the nature of your acquaintance with Costello? How were you thrown in contact with him?

Mr. NEAL. Well, he happens to come from the same neighborhood where I was district leader, like you would meet anybody. He was a neighborhood boy, and I just got acquainted with him, that is all.

Mr. HALLEY. What was his business, do you know, during those days?

Mr. NEAL. Well, I did know he was interested in the Good Humor Ice Cream concern which had a place between Weber's old butcher shop up my way, I think it is between One Hundred and Nineteenth and One Hundred and Twentieth Street and Third Avenue.

Mr. HALLEY. Do you know of any other businesses he had?

Mr. NEAL. I know that he is in the real estate business.

Mr. HALLEY. Where was that?

Mr. NEAL. I don't know, but it was houses up on the West Side. This was 20 or 25 years ago.

Mr. HALLEY. Do you know of any other businesses?

Mr. NEAL. No.

Mr. HALLEY. Was he in the gambling business, to your knowledge?

Mr. NEAL. That I don't know. According to the papers he is.

Mr. HALLEY. Was he in the slot machine business?

Mr. NEAL. That I don't know, outside of what I read in the papers.

Mr. HALLEY. You have never had any other knowledge of it, except what you read in the papers?

Mr. NEAL. None whatsoever; no, sir.

Mr. HALLEY. Do you know whether he ever took any part in politics?

Mr. NEAL. I know he never took part in politics while I was interested.

Mr. HALLEY. Did you ever support James Fay for leader of Tammany?

Mr. NEAL. Did I ever what?

Mr. HALLEY. Did you ever support James Fay for leader in Tammany?

Mr. NEAL. Did I?

Mr. HALLEY. Yes.

Mr. NEAL. He was my candidate; yes.

Mr. HALLEY. At that time—

Mr. NEAL. You see, at that time Kennedy was Congressman; they were both Congressmen, if I am not mistaken.

Mr. HALLEY. Didn't Costello support Kennedy against Fay?

Mr. NEAL. Not to my knowledge.

Mr. HALLEY. Did you ever speak to Costello about Fay?

Mr. NEAL. No, he spoke to me about Fay.

Mr. HALLEY. When and where did that happen?

Mr. NEAL. Sir?

Mr. HALLEY. When and where did that happen?

Mr. NEAL. That was about the time they were about to settle, I think.

Mr. HALLEY. About the time they were about to what?

Mr. NEAL. Settle the leadership.

Mr. HALLEY. And where did you have the discussion?

Mr. NEAL. Maybe in Luchow's, or some place like that, I just cannot remember where the discussion was held.

Mr. HALLEY. You mean in the restaurant?

Mr. NEAL. Yes, Luchow's Restaurant on Fourteenth Street.

Mr. HALLEY. Was there anybody present besides you and Costello?

Mr. NEAL. No.

Mr. HALLEY. Who asked for the meeting, who arranged the appointment?

Mr. NEAL. I just happened to meet him there.

Mr. HALLEY. You just walked in and met him?

Mr. NEAL. Yes.

Mr. HALLEY. What was the conversation?

Mr. NEAL. He said, "I understand there is a new leader to be appointed there in a few days."

I said, "That is right; Fay is my man."

He said, "That is surprising, I kind of like Jim myself."

Mr. HALLEY. Was there anything else said?

Mr. NEAL. No, that was the end of the conversation.

Mr. HALLEY. Did you ever hear of the testimony he gave in connection with the Aurelio hearing?

Mr. NEAL. Certainly, I read it in the papers every day.

Mr. HALLEY. Was he mistaken about it?

Mr. NEAL. What did you say?

Mr. HALLEY. Was he mistaken about it?

Mr. NEAL. That I don't know.

Mr. HALLEY. Well, you know he said that you came to him for help.

Mr. NEAL. That is not so.

Mr. HALLEY. Well, do you remember reading that?

Mr. NEAL. That is not so, young man, and I will tell you why. May I ask your name, please?

Mr. HALLEY. Yes, my name is Halley, Rudolph Halley.

Mr. NEAL. At that time Mr. Hogan, our present district attorney, I think he had all kinds of wire taps, mine included, and after the whole thing was over I was asked, I had a quarrel one morning with Mr. Costello and Mr. Kennedy, and my candidate was not Aurelio, my candidate was Hogan. Despite what other testimony he gave, or anybody else gave, it doesn't make any difference.

Mr. HALLEY. I would like to get back to the testimony about the contest between Fay and Mike Kennedy. Do you remember whether or not Costello testified as follows:

Mr. Neal had spoken to me about Fay. He was sort of managing Fay, and I had committed myself for whatever help I could give to Fay. I told him that if Fay did not have enough votes, my second choice would be Mike Kennedy, and he said, "Well, Mike is a nice fellow, in fact, if Fay hasn't enough votes I will go along with Mike myself."

Do you remember having any such conversation?

Mr. NEAL. Not with him, no.

Mr. HALLEY. And if he so testified, was he mistaken?

Mr. NEAL. What did you say?

Mr. HALLEY. If he so testified, if Costello so testified, was he mistaken?

Mr. NEAL. He was mistaken so far as I am concerned, certainly.

Mr. HALLEY. Did you ever hear of this testimony before?

Mr. NEAL. No.

Mr. HALLEY. This stuff was not in the papers every day, then?

Mr. NEAL. Well, it was in the papers, but not that.

Mr. HALLEY. Let me read you some more testimony that maybe was not in the papers.

Mr. NEAL. Go right ahead.

Mr. HALLEY. Did you ever hear that Costello said, and I quote:

I told Neal that if he could not get enough votes for Fay, if he thought he could not put him over, to go along with Kennedy, and I told Sarubbi and Rosenthal I would prefer that, I would consider it a nice thing if they went along with Neal, with whoever Neal would suggest.

Did you ever hear of any such testimony by Mr. Costello?

Mr. NEAL. May I interrupt you and explain something?

Mr. HALLEY. Will you answer the question?

Mr. NEAL. Of course not.

Mr. HALLEY. You never heard of such testimony?

Mr. NEAL. He never talked to me in regard to politics about anything or any individual.

Mr. HALLEY. You never prior to this moment heard that he so testified?

Mr. NEAL. No.

Mr. HALLEY. Now go ahead and say whatever you want.

Mr. NEAL. I want to tell you something, that if Costello had any power in the party, and he was supposed to be such a dear friend of mine, what am I doing on the outside now?

Mr. HALLEY. Well, I don't know that it is a crime for Mr. Costello to have had any influence.

Mr. NEAL. I don't either. He never had them conversations with me.

The CHAIRMAN. When you say you are outside, what do you mean that you are outside?

Mr. NEAL. Well, we had an ouster here about 4 years ago, right after Mr. O'Dwyer was elected. He thought he kind of disliked myself and two or three other gentlemen around the place and he proceeded to have us ousted.

I was chairman of the committee of elections and organization, and we stood them off for a year, and for some unknown reason four or five followers of mine saw fit to sign a petition and broke up the combination we had, and we were voted out. That is, we were not voted out, but Mr. Loughran resigned, and when he resigned the secretaries and the chairman of all committees automatically ceased with his resignation.

Mr. Sampson succeeded Mr. Loughran.

Mr. HALLEY. Who did you vote for in the final election for leader of Tammany as between Fay and Kennedy?

Mr. NEAL. Between Fay and Kennedy?

Mr. HALLEY. Yes.

Mr. NEAL. There was no vote taken.

Mr. HALLEY. What do you mean there was no vote taken?

Mr. NEAL. There was no vote taken.

Mr. HALLEY. Who got the leadership?

Mr. NEAL. Why, Kennedy got the leadership.

Mr. HALLEY. And how did he get the leadership?

Mr. NEAL. Fay was not his opponent at that time.

Mr. HALLEY. He was not?

Mr. NEAL. No.

Mr. HALLEY. Who was?

Mr. NEAL. I think, if I am not mistaken, I think young Dan Finn had injected himself into it at the last minute.

Mr. HALLEY. What happened to Fay?

Mr. NEAL. Fay had given me his word, I met with Fay in Canada, and I said, "Jim, you have not got enough." Well, he says, "I agree." Both of them agreed whichever one had enough the other one would support him.

Mr. Fay shook hands with myself and Mr. Kennedy, and they are both dead now, and the three of us shook hands. We had a meeting the next afternoon in executive committee, and Mr. Fay come to me and said, "Do you know. I think I can get this now. A lot of these people want to change my way."

I said, "You shook hands last night. You can do what you want, but I am with Kennedy."

Mr. HALLEY. And you finally did support Kennedy, is that right?

Mr. NEAL. He was the only one running, outside of Finn, and he was an outsider, he broke in at the last minute.

Mr. HALLEY. I have no further questions of Mr. Neal.

The CHAIRMAN. Mr. Neal, what is your opinion about Costello's influence today? Does he have any?

Mr. NEAL. That I am unable to say. I know when I was there he had absolutely none.

The CHAIRMAN. Do you think this new outfit that got in increased his strength?

Mr. NEAL. What did you say?

The CHAIRMAN. Do you think that the new group who got in increased his strength?

Mr. NEAL. I wouldn't say as to that. I wouldn't say "yes" or "no." I just don't know. I am not on the inside any more, so all I get is hearsay.

The CHAIRMAN. All right, sir, Mr. Neal. Thank you.

Mr. NEAL. All right, thank you.

(Witness excused.)

The CHAIRMAN. Who is our next witness?

Mr. HALLEY. We still have Mr. Stand here.

The CHAIRMAN. Good evening, Mr. Stand. Will you raise your right hand and be sworn, please?

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. STAND. I do.

TESTIMONY OF BERT STAND, NEW YORK, N. Y.

Mr. HALLEY. I am sorry to have had to keep you waiting.

Mr. STAND. That is all right.

Mr. HALLEY. We have not had any dinner ourselves.

Mr. STAND. I don't eat lunch, so I am worse off than you.

Mr. HALLEY. I am sorry to hear that, Mr. Stand.

What we would like to do is to get your opinion and any facts you can give us one way or the other and whether or not Frank Costello took any active part in the politics in New York City.

Mr. STAND. He never asked me for anything all the years I have been in Tammany Hall.

Mr. HALLEY. Aside from that, what has been your observation?

Mr. STAND. Purely from the newspapers; just newspaper talk.

Mr. HALLEY. You met him, I understand, at lunch the other day at the National Democratic Club?

Mr. STAND. Yes; he was there.

Mr. HALLEY. Was he frequently at the National Democratic Club?

Mr. STAND. From time to time he comes there.

Mr. HALLEY. What other manifestations does he give of being in politics? Does he attend, or did he in the past attend many political dinners?

Mr. STAND. I cannot recall seeing him at dinners.

Mr. HALLEY. Did he attend affairs of various district clubs?

Mr. STAND. Occasionally I would see him at one or two of them.

Mr. HALLEY. What would he be doing there?

Mr. STAND. I cannot answer that. I imagine he would go the same as anyone else.

Mr. HALLEY. Most people don't go running around to political affairs unless they have some interest in politics.

Mr. STAND. That is something that he would have to answer.

Mr. HALLEY. Have you ever been to his home?

Mr. STAND. Yes.

Mr. HALLEY. How often?

Mr. STAND. Probably once or twice.

Mr. HALLEY. When you were there, who was with you?

Mr. STAND. I went there with the late Mike Kennedy, when he was leader of Tammany Hall.

Mr. HALLEY. Was there anybody else present?

Mr. STAND. When we got there General O'Dwyer was there.

Mr. HALLEY. Anyone else?

Mr. STAND. That has been many years ago. I cannot remember.

Mr. HALLEY. Was Jim Moran there?

Mr. STAND. Probably. I would not say for sure, but Irving Sherman was there.

Mr. HALLEY. Irving Sherman was there?

Mr. STAND. Yes.

Mr. HALLEY. Jim Moran, was he there?

Mr. STAND. I would not say for sure; it has been so long ago.

Mr. HALLEY. Was Anthony P. Severesi there?

Mr. STAND. Yes.

Mr. HALLEY. He was there too?

Mr. STAND. Yes.

Mr. HALLEY. And Mike Kennedy?

Mr. STAND. Yes.

Mr. HALLEY. Was there anyone else there?

Mr. STAND. I cannot recall. If you mention some names, I might be able to tell you.

Mr. HALLEY. You say you went up with Kennedy?

Mr. STAND. Yes.

Mr. HALLEY. You traveled up together?

Mr. STAND. Yes. I met Mr. Kennedy at the New York A. C., and that is at Fifty-ninth, and we walked up from there to Mr. Costello's home.

Mr. HALLEY. What time of day was this meeting?

Mr. STAND. It was around cocktail time.

Mr. HALLEY. Who asked you to go?

Mr. STAND. Mr. Kennedy.

Mr. HALLEY. For what purpose did you go?

Mr. STAND. I just met him and he says, "Come on; we are going up to Frank Costello's house."

I was not invited, but apparently he was, so he took me along.

Mr. HALLEY. Did you have a date with him?

Mr. STAND. Yes; from time to time.

Mr. HALLEY. On this particular occasion did you have a date with Kennedy?

Mr. STAND. It is hard to say whether I did or not, because I saw him every day in the week.

Mr. HALLEY. I see. Did he tell you what he was going to Costello's for?

Mr. STAND. No; he said, "Come on; we are going up to have a drink."

Mr. HALLEY. Did he tell you why he was going there?

Mr. STAND. I could not say for sure.

Mr. HALLEY. When you got there O'Dwyer was already there?

Mr. STAND. Yes; he was.

Mr. HALLEY. He was in his uniform?

Mr. STAND. That is hard to say. I know he was in the Army at that time. It was after the 1941 campaign.

Mr. HALLEY. It was when?

Mr. STAND. It was after the 1941 campaign. Let me try to fix the date, because Kennedy was elected leader in 1942, and it must have been around that time.

Mr. HALLEY. It would be toward the end of 1942?

Mr. STAND. I would say it would be in the early part of 1942.

Mr. HALLEY. The early part of 1942?

Mr. STAND. Yes; within the first 6 months of 1942.

Mr. HALLEY. When you were there, were Sherman and Severesi already there?

Mr. STAND. They were there when we arrived.

Mr. HALLEY. Was Neal there?

Mr. STAND. No.

Mr. HALLEY. He was not?

Mr. STAND. Not on this occasion.

Mr. HALLEY. Nobody else was there?

Mr. STAND. As I say, if you were to mention some names I might be able to tell you, there were not too many people there.

Mr. HALLEY. Well, I am not hiding behind any bushes. I don't know of anyone else.

Mr. STAND. The names you mentioned were there.

Mr. HALLEY. You are being frank?

Mr. STAND. Oh, naturally.

Mr. HALLEY. And I am trying to be frank, too.

Mr. STAND. Yes.

Mr. HALLEY. Was there any discussion up there after you arrived?

Mr. STAND. No, it was just one of those cocktail affairs, we were having a drink, and there was a little tray of hors d'oeuvres, and talking generally, punching the bag you might say.

MR. HALLEY. Were you talking about politics at all?

MR. STAND. O'Dwyer was talking about the campaign. He seemed to be directing his remarks at Severesi, who had recently been elected in Queens.

MR. HALLEY. After that did you all go out to the Copacabana for dinner?

MR. STAND. I think so; yes.

MR. HALLEY. Did O'Dwyer go with you to the Copacabana?

MR. STAND. That I cannot say. He may have gone with us, and he may have left before the evening was over. I cannot say for sure.

MR. HALLEY. Did O'Dwyer have any separate conversation with Costello?

MR. STAND. I could not say; during the time that I was there?

MR. HALLEY. Yes.

MR. STAND. I could not say; no, I don't think so.

MR. HALLEY. Was there any talk about any Army matters?

MR. STAND. Not in my presence.

MR. HALLEY. Or any investigation that O'Dwyer was conducting?

MR. STAND. Not while I was there, just talking sort of generally, he was talking about the 1941 campaign to Severesi, and now and then we all pitched in and said something.

MR. HALLEY. Was there any talk about who the Democratic nominee would be for mayor in 1945?

MR. STAND. I can't say there was. There may have been. If there was I paid no attention to it. I would have no reason to remember it. It was just a conversation, you might say.

MR. HALLEY. Well, can you explain to this committee what the leader of Tammany Hall, two very influential members, yourself and Irving Sherman, yourself, Neal, Irving Sherman and the district attorney of Brooklyn would all be doing in this fellow's apartment if he had no interest in politics? I mean, what would you have to say about that?

MR. STAND. As I explained, I went there with Mr. Kennedy. He said, "Come on, we are going to have a drink." I went there. I had no idea, I cannot say there was any purpose of the meeting, except to have a cocktail.

MR. HALLEY. Did Costello cultivate people who were in politics?

MR. STAND. No, well, your inference would be as good as mine. I cannot say what his purpose was.

MR. HALLEY. Costello had at that time a bad reputation, did he not?

MR. STAND. I guess he has had a bad reputation all through the years.

MR. HALLEY. Why would people, prominent people in political life, go to his apartment to have cocktails?

MR. STAND. What answer could you make to that question? I would not know what to say. Mr. Kennedy asked me to go there, I went with him, and I went on invitation from Mr. Kennedy.

MR. HALLEY. Wouldn't there be a natural tendency to shun people with bad reputations, rather than to fraternize with them?

MR. STAND. Well, I was not giving the leader advice, he asked me to go and I went.

MR. HALLEY. There are a lot of other things I think the committee, and I know that I, would like to talk to you about. Are you planning to remain in New York?

MR. STAND. Oh, yes.

Mr. HALLEY. Do you think we might talk some more informally at some time?

Mr. STAND. Whenever you say, I am at your disposal.

The CHAIRMAN. Well, Mr. Stand, what is your opinion as to whether his influence has increased or diminished during recent years in Tammany Hall, can you say, Mr. Stand?

Mr. STAND. I really couldn't say, because I did not meet Mr. Costello, I was in Tammany Hall for 15 years, from 1934 to 1943, rather, and I did not meet Mr. Costello until after Mr. Kennedy became the leader.

The CHAIRMAN. Yes. Well, are you still secretary?

Mr. STAND. No, I am Democratic leader in my district.

The CHAIRMAN. What is your district?

Mr. STAND. The fourth assembly district.

The CHAIRMAN. He does not have any influence in that district?

Mr. STAND. No.

The CHAIRMAN. All right. Thank you, Mr. Stand.

Mr. HALLEY. May I ask just one more question?

Mr. STAND. Yes.

Mr. HALLEY. Were you ever up at Costello's apartment with Neal?

Mr. STAND. I may have been there once or twice with him.

Mr. HALLEY. On what occasions?

Mr. STAND. I have not been to Costello's, I don't think I was in Mr. Costello's apartment more than two or three times in all my life, the time you mentioned and maybe one time after.

Mr. HALLEY. Well, you have got a pretty good memory.

Mr. STAND. I would say "Yes," but after all, I certainly have not been there in the last 5 or 6 years.

Mr. HALLEY. Of course, I understand that. But the only question is, when were you there with Neal, and what was the occasion?

Mr. STAND. I probably met Mr. Neal, and we went there, and I was in his company, no particular reason.

Mr. HALLEY. Could you be more specific, more definite?

Mr. STAND. I really could not, because, as I said, if I went with Mr. Neal, he went with Mr. Costello, and I left, and they may have gone someplace.

Mr. HALLEY. It is not a question or if you went, did you ever go?

Mr. STAND. Perhaps. I could not say for sure. I really could not place any importance upon it, because if I did, it did not mean anything so far as I was concerned.

Mr. HALLEY. Have you and Neal and Costello ever had lunch and dinner together?

Mr. STAND. Do you mean if I had lunch with him? I may have seen him in the club.

Mr. HALLEY. Did you ever sit down and eat lunch with him?

Mr. STAND. I just said I never eat lunch.

Mr. HALLEY. Or dinner?

Mr. STAND. Yes; once or twice.

Mr. HALLEY. Has Neal ever been present?

Mr. STAND. Perhaps once or twice.

Mr. HALLEY. Has he or has he not? Perhaps does not mean anything.

Mr. STAND. Well, I would say "Yes," I had dinner with a lot of people. I don't have any particular reason to remember who I have dinner with.

The CHAIRMAN. All right. Thank you, Mr. Stand.

The CHAIRMAN. Call your next witness.

Mr. HALLEY. Our next witness will be Mr. Simon.

The CHAIRMAN. Good evening, Mr. Simon.

Will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth, and nothing but the truth, so help you God?

Mr. SIMON. Yes; I do.

TESTIMONY OF ALFRED L. SIMON, BALLSTON SPA, N. Y.

Mr. HALLEY. We are sorry to have kept you waiting so long, Mr. Simon.

Mr. SIMON. Yes, sir.

Mr. HALLEY. What is your full name?

Mr. SIMON. Alfred L. Simon.

Mr. HALLEY. You have been sworn?

Mr. SIMON. Yes; I have.

Mr. HALLEY. What is your address?

Mr. SIMON. Ballston Spa, N. Y.

Mr. HALLEY. Mr. Simon, I understand that you for many years have lived in Saratoga; is that right?

Mr. SIMON. That is right; I have lived in Ballston Spa all my life.

Mr. HALLEY. You were formerly district attorney of Saratoga County?

Mr. SIMON. I was district attorney of the county in 1938, 1939, and 1940.

Mr. HALLEY. And you were beaten by a candidate, whom Jim Leary proposed?

Mr. SIMON. No; I did not run the second time.

Mr. HALLEY. I see. In any event, you are politically opposed to Jim Leary?

Mr. SIMON. Yes; I am a Republican. I am a former officer of the real Republican group that have opposed his group.

Mr. HALLEY. But you are a Republican?

Mr. SIMON. Yes.

Mr. HALLEY. Now, you have made certain statements to one of the committee's investigators, Patrick C. Murray, concerning the gambling at Saratoga. Will you state to the committee whether or not you believe Leary has any connection with the gambling in Saratoga?

Mr. SIMON. The only information that I have of my own knowledge, and that is not based upon newspaper articles or rumors, pertains to the years 1938, 1939, and 1940.

Mr. HALLEY. Go ahead.

Mr. SIMON. The only thing that I know is that it has been reported by persistent rumors that he has a connection with gambling.

Mr. HALLEY. Well, have you ever made the statement that Leary controlled the county, and for purposes of relation to gambling, this means controlling the sheriff's office and the district attorney's office?

Mr. SIMON. It has been—have I made that statement?

Mr. HALLEY. Yes.

Mr. SIMON. I have stated that I believe that Leary dominates the political situation in Saratoga County, and that his domination controls the candidates who are selected for public office, and party positions. That has been our position politically.

Mr. HALLEY. Have you ever stated that the dollars and cents value of the take at Saratoga amounts to about \$300,000 per season?

Mr. SIMON. I have stated there are rumors to that effect, and there have been newspaper articles to that effect over a period of time.

Mr. HALLEY. Have you stated that \$200,000 of it goes to Leary?

Mr. SIMON. I have stated that there are rumors to the effect that he receives approximately that much.

Mr. HALLEY. Do you have any information at all to back it up?

Mr. SIMON. I have no personal knowledge on the subject, other than as I have indicated.

Mr. HALLEY. Well, have people given you that information to whom the committee could go?

Mr. SIMON. No; I cannot recall. It is a persistent rumor that has covered a period of years.

Mr. HALLEY. For instance, you said, I believe, that each night club paid \$1,000 a night for week days and \$1,500 for Saturday?

Mr. SIMON. I have no personal knowledge on that. There have been newspaper accounts to that effect.

Mr. HALLEY. You personally know nothing of it, though?

Mr. SIMON. I personally know nothing of it, sir.

Mr. HALLEY. I think you told Mr. Murray that the payoff was paid through an individual named Patty Grennon, of Schnectady.

Mr. SIMON. There have been rumors to that effect.

Mr. HALLEY. And that he fronted for Leary?

Mr. SIMON. That is right. I have no personal knowledge. What I am stating now is what has been rumored and gossiped about in the community.

Mr. HALLEY. Well, now, I think you said that Grennon collected each Sunday morning, and was seen on many occasions bringing the proceeds of the collection to Leary's office on Sunday afternoon at 4 o'clock?

Mr. SIMON. That was rumored.

Mr. HALLEY. Have you ever heard of anybody who saw Grennon collect it?

Mr. SIMON. No.

Mr. HALLEY. Have you heard of anybody seeing Grennon going to Leary's office?

Mr. SIMON. No.

Mr. HALLEY. Have you ever personally seen Grennon and Leary together?

Mr. SIMON. No; I have not.

Mr. HALLEY. Do you know whether they are friends?

Mr. SIMON. I believe they are. I believe Grennon lives in Schenectady where Leary has a law office. I think Leary knows Grennon.

Mr. HALLEY. Well, what can the committee do about this thing? You were formerly district attorney up there. Was it in 1938?

Mr. SHIVITZ. 1937, 1938, and 1939.

Mr. SIMON. 1938, 1939, and 1940.

Mr. HALLEY. There were some raids made during that time, were there not?

Mr. SIMON. Yes, there were.

Mr. HALLEY. And you have no doubt that gambling had gone on wide open up through August of 1950, have you?

Mr. SIMON. From the persistency of the rumors, and the information and the newspaper articles, I believe that is so.

Mr. HALLEY. Well, did you ever go into any of the gambling houses?

Mr. SIMON. Yes, sir.

Mr. HALLEY. And you have seen gambling going on, is that right?

Mr. SIMON. Yes, sir.

Mr. HALLEY. Wide open?

Mr. SIMON. That was before I was district attorney, I went to the gambling casinos, and I think on two occasions since I was district attorney, possibly 3 or 4 years ago, I went to dinner and visited the casinos.

Mr. HALLEY. Well, how would you advise the committee to go out after some evidence?

Mr. SIMON. My analysis, sir, of the situation, is that historically and traditionally, Saratoga is a gambling town. It has been a gambling town over many years, and the people have become to feel that it is a necessary evil.

I feel the majority of the people actually think that their livelihood depends upon it, and they are in favor of it.

I think the process of trying to educate the people that that is not a fact, that the springs can be developed, and that the resource of the racing in the summertime can be their mainstay in sustaining their livelihood. It is a situation that is difficult to analyze, because the attitude of the majority of the people is that they need that there.

Mr. HALLEY. As a lawyer and resident, do you know of any people to whom the committee may talk to try to get some evidence of these pay-offs? The committee is more interested in the pay-offs, obviously, than the fact of the gambling.

Mr. SIMON. No; I don't.

Mr. HALLEY. You must have had some reason, for you are a responsible citizen, and you must have had some solid basis for making the statements to Mr. Murray, when you knew he was an investigator for this committee.

Mr. SIMON. I told him there were news reports and rumors to that effect, and there have been over a period of time. I know nothing of my own personal knowledge, nor do I know of anyone who has ever observed conditions upon which that conclusion could be based. I would not want to pass judgment on a rumor, but I have used, when I was district attorney, information that came to me through those channels to make investigations and run them down to the best I could with the situation.

Mr. HALLEY. I have nothing else.

Oh, by the way, did you get statements when you were in the district attorney's office from people who knew anything about it?

Mr. SIMON. No; I did not, sir. When I entered the district attorney's office in 1938, it was my purpose to enforce the gambling laws in Saratoga County. I regret to say that because of that fact, many of the people have felt that I deprived them of a livelihood.

For instance, in one of the campaigns we had recently, there was a hand circular sent out through the city to the effect: "You remember Al Simon, and what he did to Saratoga."

The CHAIRMAN. Did you close them down when you were there?

Mr. SIMON. I beg your pardon?

The CHAIRMAN. Did you keep them closed when you were district attorney?

Mr. SIMON. Yes.

Mr. HALLEY. That is all, Mr. Simon. Thank you very much, sir.

Mr. SIMON. Thank you.

Mr. HALLEY. Good-by, and thank you.

(Witness excused.)

The CHAIRMAN. We will now adjourn until 9:30 o'clock tomorrow morning.

(Whereupon, at 9 p. m., Wednesday, February 14, a recess was taken, to reconvene at 9:30 a. m., Thursday, February 15, 1951.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

THURSDAY, FEBRUARY 15, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York City, N. Y.

EXECUTIVE SESSION—CONFIDENTIAL

The committee met, pursuant to adjournment, at 9:30 a. m., in room 2832, United States Courthouse Building, Foley Square, Senator Estes Kefauver (chairman) presiding.

Present Senator Kefauver.

Also present: Rudolph Halley, chief counsel of the special committee; James Walsh, special counsel; Arnold L. Fein, special counsel; Reuben A. Lazarus and David Shivitz, assistant counsel of the special committee; Patrick Murray, investigator; Lawrence Goddard, investigator; and Howard Brand, investigator of the special committee staff.

The CHAIRMAN. Let us be in order, gentlemen. Now, where were we, Mr. Halley?

Mr. HALLEY. We are going to have Mr. Frank Costello this morning.

(The testimony of Frank Costello at this executive session has been eliminated, because it is virtually completely duplicated in the testimony given in the public hearings included in this publication, which were held in New York City on March 13, 14, 15, 16, 19, 20, and 21, 1951.

The testimony of Mr. Costello in this executive session is on file with the committee and is available for examination by any interested parties.)

The CHAIRMAN. Will you call your next witness.

Mr. HALLEY. We will call Mr. Lascari.

The CHAIRMAN. Good afternoon, Mr. Lascari. Will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. LASCARI. I do.

The CHAIRMAN. Mr. Lascari, you may take that seat.

Mr. HALLEY. I am sorry we had to keep you waiting so long, Mr. Lascari. My name is Halley. This is Senator Kefauver, and these gentlemen are Mr. Lazarus and Mr. Shivitz.

The CHAIRMAN. How are you, Mr. Lascari?

Mr. LASCARI. How are you, Senator?

TESTIMONY OF MICHAEL LASCARI, EAST ORANGE, N. J.

Mr. HALLEY. What is your full name, please?

Mr. LASCARI. Michael Lascari.

Mr. HALLEY. Where do you live?

Mr. LASCARI. 120 Washington Street, East Orange, N. J.

Mr. HALLEY. What is your business?

Mr. LASCARI. I am in the tobacco business.

Mr. HALLEY. What is the name of your company?

Mr. LASCARI. Public Service Tobacco.

Mr. HALLEY. What is the address?

Mr. LASCARI. 1464 North Broad Street.

Mr. HALLEY. Do you have any residence or place of abode in New York City?

Mr. LASCARI. No.

Mr. HALLEY. Do you ever stay any place in New York City?

Mr. LASCARI. No.

Mr. HALLEY. Are you a friend of Lucky Luciano?

Mr. LASCARI. Yes.

Mr. HALLEY. How long have you known him?

Mr. LASCARI. Well, it was back in childhood days, in fact, I lived with his parents, after I lost my parents at an early age. That is going back 40 years.

Mr. HALLEY. How long did you live with his parents?

Mr. LASCARI. I lived with his parents 3 or 4 years.

Mr. HALLEY. How old were you at that time?

Mr. LASCARI. About 13 or 14.

Mr. HALLEY. What did you do after you left the Luciano home?

Mr. LASCARI. I worked.

Mr. HALLEY. Where did you work?

Mr. LASCARI. Western Union, American Can Co., and I worked for the Journal-American, I worked as a peddler, I worked at various jobs.

Mr. HALLEY. Luciano was the godfather of your child, was he not?

Mr. LASCARI. That is correct.

Mr. HALLEY. Did you go to see Luciano before he was deported?

Mr. LASCARI. Where do you mean?

Mr. HALLEY. At Ellis Island.

Mr. LASCARI. Yes.

Mr. HALLEY. What was the purpose of your going to see him?

Mr. LASCARI. I brought him some clothes.

Mr. HALLEY. In other words, it is almost a family relationship?

Mr. LASCARI. It has been for 40 years; yes.

Mr. HALLEY. And that is the basis of any stories we have heard about close relations?

Mr. LASCARI. That is right.

Mr. HALLEY. I think it is a fact that your daughter went to Europe and visited him there when she was on her honeymoon?

Mr. LASCARI. That is right.

Mr. HALLEY. And you have presented him with a pair of gold cuff links, or something like that?

Mr. LASCARI. Yes.

Mr. HALLEY. You have probably given him other presents, too?

Mr. LASCARI. And a watch.

Mr. HALLEY. Have you ever sent him any money?

Mr. LASCARI. I have not. But on my visit over there I did give him some money.

Mr. HALLEY. How much did you give him?

Mr. LASCARI. About \$2,500.

Mr. HALLEY. Where did you get it?

Mr. LASCARI. It was my own money.

Mr. HALLEY. Did he express a need for funds?

Mr. LASCARI. No; not necessarily. I just thought he might need it.

Mr. HALLEY. And he accepted it?

Mr. LASCARI. Yes.

Mr. HALLEY. When were you over there?

Mr. LASCARI. Last year; last May.

Mr. HALLEY. How long did you stay with him?

Mr. LASCARI. About a week.

Mr. HALLEY. And you stayed with him?

Mr. LASCARI. I visited different cities. I went to Rome, Milan, Venice, Sorrento, and a few other places.

Mr. HALLEY. Were you with Lucky all that time?

Mr. LASCARI. No.

Mr. HALLEY. Just about how long?

Mr. LASCARI. Just about a week of my stay there.

Mr. HALLEY. How long were you there all together?

Mr. LASCARI. About 30 days.

Mr. HALLEY. Did you ever have any business dealings with him?

Mr. LASCARI. Never.

Mr. HALLEY. Have you ever been in the gambling business?

Mr. LASCARI. Never.

Mr. HALLEY. Were you ever in the liquor business during prohibition?

Mr. LASCARI. Yes, I was.

Mr. HALLEY. Will you tell the committee about that?

Mr. LASCARI. I was in it for a short time. I sold beer.

Mr. HALLEY. Who did you sell it for?

Mr. LASCARI. I sold it for myself. I had a small distributing business.

Mr. HALLEY. Where did you get it?

Mr. LASCARI. Around town.

Mr. HALLEY. Particularly from whom?

Mr. LASCARI. I picked it up from the so-called distributors in Brooklyn.

Mr. HALLEY. How long have you known Meyer Lansky?

Mr. LASCARI. I have known him for a long time.

Mr. HALLEY. When did you first meet him?

Mr. LASCARI. About 15 years ago, approximately.

Mr. HALLEY. Who introduced you to him?

Mr. LASCARI. It was through Luciano that I met Lansky.

Mr. HALLEY. How long have you know Zwillman?

Mr. LASCARI. About 17 years.

Mr. HALLEY. How did you first come to meet Zwillman?

Mr. LASCARI. I met him through Mr. Stacher, Joe Stacher.

Mr. HALLEY. Joe Stacher?

Mr. LASCARI. Yes.

Mr. HALLEY. He is also known as Joe Stretch?

Mr. LASCARI. No; Doc Stacher.

Mr. HALLEY. Doc Stacher?

Mr. LASCARI. That is right.

Mr. HALLEY. He is also known as Max Rosen, isn't he?

Mr. LASCARI. Not that I know of.

Mr. HALLEY. Doc Stacher; is that right?

Mr. LASCARI. That is right.

Mr. HALLEY. Well, he is an old-timer in the gambling business?

Mr. LASCARI. I don't know. I met him years ago, and he was my original partner in the tobacco business. When I moved over to Jersey, he sold out to Mr. Zwillman a short time later. That is how I met Mr. Zwillman.

Mr. HALLEY. You went to Jersey with Stacher?

Mr. LASCARI. Not with him. I had discussed the possibilities of going into the tobacco business with Mr. Stacher.

Mr. HALLEY. When was this?

Mr. LASCARI. This was in 1935 or 1936. Now, these are just approximate dates. They are not specific.

Mr. HALLEY. You were a fairly young man at that time, were you not?

Mr. LASCARI. Well, I am 49 years old today; that is, I will be next month.

Mr. HALLEY. You were about in your early thirties?

Mr. LASCARI. That is right.

Mr. HALLEY. Did you have any assets at that time?

Mr. LASCARI. Any assets?

Mr. HALLEY. Yes; assets.

Mr. LASCARI. I had a small business, a tobacco business, in New York at that time.

Mr. HALLEY. What particular type of business did you have in New York?

Mr. LASCARI. It was a tobacco business, merchandising business, automatic-merchandising business, and it was known as the Manhattan Cigarette Service.

Mr. HALLEY. It was vending machines?

Mr. LASCARI. That is right.

Mr. HALLEY. Did you have an apartment in New York?

Mr. LASCARI. No.

Mr. HALLEY. How did you happen to meet Stacher?

Mr. LASCARI. I met him, he was summering at Long Beach one year while I was down there.

Mr. HALLEY. Yes?

Mr. LASCARI. Back in 1935 or 1936, and it was I that had proposed the idea of going into the tobacco business in Jersey, and he accepted that and I moved over there and went into business, and we organized this company.

Mr. HALLEY. When did Zwillman get into it?

Mr. LASCARI. Zwillman got into it later on, and Mr. Stacher had no further interest in the business. He sold his interest to Mr. Zwillman.

Mr. HALLEY. Did you ever live at 1111 Park Avenue?

Mr. LASCARI. I lived at 1111 for 10 years.

Mr. HALLEY. Until when?

Mr. LASCARI. Until last year.

Mr. HALLEY. Then you moved to Jersey?

Mr. LASCARI. Yes.

Mr. HALLEY. And you conducted your business in Jersey, but you lived in New York; is that right?

Mr. LASCARI. Well, up until—I had a business in New York and Jersey.

Mr. HALLEY. Do you still have the New York business?

Mr. LASCARI. No; I don't.

Mr. HALLEY. You sold that?

Mr. LASCARI. That is right.

Mr. HALLEY. To whom and when?

Mr. LASCARI. December of 1947, to DeMartini and Mr. Caballero.

Mr. HALLEY. Do you have any other business now besides the Public Service Tobacco Co.?

Mr. LASCARI. The Public Service Tobacco Co. is interested in another business which is known as Federal Automatic. It is a washing-machine business.

Mr. HALLEY. Where is that located?

Mr. LASCARI. It is located in Hillside, N. J.?

Mr. HALLEY. What kind of washing machines are they?

Mr. LASCARI. We install them in apartment houses for tenants.

Mr. HALLEY. How many houses do you now have machines in?

Mr. LASCARI. I cannot say how many houses we have machines in, but we have about six or seven hundred machines in operation.

Mr. HALLEY. Sixty-seven hundred?

Mr. LASCARI. No; six or seven hundred in operation.

Mr. HALLEY. Do you have any other business?

Mr. LASCARI. No, sir.

Mr. HALLEY. Who, besides yourself and Zwillman, are interested in the cigarette business?

Mr. LASCARI. Both our wives and children.

Mr. HALLEY. No other people?

Mr. LASCARI. No other people.

Mr. HALLEY. Did you know Charles Yanowski, I guess it is?

Mr. LASCARI. No.

Mr. HALLEY. Did you ever meet him?

Mr. LASCARI. No.

Mr. HALLEY. Do you know who I refer to?

Mr. LASCARI. No; I never heard of him.

Mr. HALLEY. You say you have no other businesses whatsoever?

Mr. LASCARI. No.

Mr. HALLEY. Charlie Yanowski?

Mr. LASCARI. I don't know him.

Mr. HALLEY. You don't know him at all?

Mr. LASCARI. No.

Mr. HALLEY. Do you know Joe Adonis?

Mr. LASCARI. Yes; I do.

Mr. HALLEY. How long have you known him?

Mr. LASCARI. About 10 or 12 years.

Mr. HALLEY. Do you know Frank Costello?

Mr. LASCARI. Just a nodding acquaintance.

Mr. HALLEY. I take it you know Joe Adonis better?

Mr. LASCARI. Yes.

Mr. HALLEY. How well do you know Little Augie Pisano?

Mr. LASCARI. I don't know him at all.

Mr. HALLEY. Did you know Jerry Catena, or do you know him?

Mr. LASCARI. Yes.

Mr. HALLEY. How did you meet him, and how do you know him?

Mr. LASCARI. Well, he also had an interest in the original tobacco business back in 1934 or 1935. He had a small interest in it. I don't know to what extent his interest was.

Mr. HALLEY. You mean in the tobacco business?

Mr. LASCARI. Yes.

Mr. HALLEY. In whose business?

Mr. LASCARI. Beg pardon?

Mr. HALLEY. In Jersey or—

Mr. LASCARI. Newark, N. J.

Mr. HALLEY. When did he step out?

Mr. LASCARI. About the same time that Mr. Stacher did.

Mr. HALLEY. What were the circumstances of their stepping out? Was there any particular reason for it?

Mr. LASCARI. No; they were not interested in that type of business.

Mr. HALLEY. Now, there is some other material that I need before I can go on.

Mr. LAZARUS. May I ask a question?

Mr. HALLEY. Go right ahead.

Mr. LAZARUS. The members of your family are interested in some of your business enterprises, aren't they?

Mr. LASCARI. They are, yes.

Mr. LAZARUS. Your wife and daughter?

Mr. LASCARI. That is right.

Mr. LAZARUS. Do you recall what those business enterprises are?

Mr. LASCARI. What they are?

Mr. LAZARUS. Yes.

Mr. LASCARI. It was the Manhattan Cigarette Service at that time. I was also interested in the machining business, known as Alcuna, and the Public Service Tobacco Co., as well as the Federal Automatic Co.

Mr. LAZARUS. Are you still interested in that?

Mr. LASCARI. In the Public Service Tobacco Co. business, yes.

Mr. LAZARUS. Did you furnish the money to your wife and daughter to invest in these enterprises?

Mr. LASCARI. I provided their interests sometime ago, and paid a gift tax on it. That was back in 1935 or 1936.

Mr. LAZARUS. Has Mrs. Lascari independent means of her own; money?

Mr. LASCARI. That is right.

Mr. LAZARUS. In 1935, when you advanced the money—

Mr. LASCARI. Pardon me. When I mentioned 1935 or 1936, those are just approximate dates. It might have been a year later or a year earlier. So these answers as to dates are just approximate.

Mr. LAZARUS. Do you recall how much you advanced them at that time?

Mr. LASCARI. Why, I originally had an interest in the Public Service Tobacco Co., and whatever my interest was I transferred that interest as a gift, in order to provide or make future provisions for my wife and daughter. I paid a gift tax on that.

Mr. LAZARUS. Do you recall what those amounts were?

Mr. LASCARI. No, I could not say at this time.

Mr. LAZARUS. Is their interest in these businesses a substantial one?

Mr. LASCARI. At this time?

Mr. LAZARUS. At any time was it or is it?

Mr. LASCARI. Well, not originally, no, because the business has been in operation now about 18 years, and it has been in a course of development during that time. In its inception it was a very small business.

Mr. LAZARUS. Did you ever have to make any loans, or did you have the money yourself, to advance the money necessary for the purchase of their interest?

Mr. LASCARI. Well, I provided this as a gift, so far as my daughter was concerned. Naturally, she was a young girl, and she did not have any independent means, so I provided this on the basis of a gift, and I paid a gift tax on it.

Mr. LAZARUS. Your wife had sufficient funds of her own to make the purchase of her interest?

Mr. LASCARI. From savings, yes. The interest at that time was nothing to speak of.

Mr. LAZARUS. I assume that it was unnecessary to make any loans from what you have said. Is it possible you had to borrow some money at that time from Mr. Zwillman to help you finance it?

Mr. LASCARI. From Mr. Zwillman?

Mr. LAZARUS. Yes.

Mr. LASCARI. No; I did not.

Mr. LAZARUS. You are positive of that?

Mr. LASCARI. I am positive.

Mr. LAZARUS. Do you know a man by the name of Dave Lee?

Mr. LASCARI. Dave Lee?

Mr. LAZARUS. Yes.

Mr. LASCARI. I know of him.

Mr. LAZARUS. How do you happen to know him?

Mr. LASCARI. In fact, I went to his daughter's wedding. I don't know him too intimately.

Mr. LAZARUS. You know him, though?

Mr. LASCARI. I know him, yes.

Mr. LAZARUS. He is a partner in Lee Bros.?

Mr. LASCARI. Some construction company known as Lee Bros., yes.

Mr. LAZARUS. Did you ever act as a cashier at Lodi in a gambling place?

Mr. LASCARI. I have never been in a gambling place in my life.

Mr. LAZARUS. At Koster's?

Mr. LASCARI. I have never been anywhere in any gambling place.

Mr. LAZARUS. That is all.

The CHAIRMAN. What is your relation with Mr. Zwillman, if any?

Mr. LASCARI. Why, both of our wives are interested in the tobacco business.

The CHAIRMAN. I mean, you are no blood relations?

Mr. LASCARI. No.

The CHAIRMAN. How did you happen to get into business with Mr. Zwillman?

Mr. LASCARI. I explained that to Mr. Halley.

Mr. CHAIRMAN. All right. I am sorry.

Mr. HALLEY. Well, now, you have no part in it except your family and Zwillman and Zwillman's family, is that right?

Mr. LASCARI. That is right.

Mr. HALLEY. I mean you have no other partners?

Mr. LASCARI. That is right.

Mr. HALLEY. In any business whatsoever, you have not taken any part?

Mr. LASCARI. That is correct, only those I mentioned.

Mr. HALLEY. Do you have any other businesses?

Mr. LASCARI. With the exception of the Public Service Tobacco Co., and the Federal Automatic Co. that I mentioned to you, that is all.

Mr. HALLEY. You have no other business?

Mr. LASCARI. No other business.

Mr. HALLEY. Have you recently had any other businesses?

Mr. LASCARI. With the exception of the Manhattan Cigarette Service, which was disposed of in 1947.

Mr. HALLEY. Were you ever in the brewery business with Stacher?

Mr. LASCARI. No.

Mr. HALLEY. During prohibition were you ever in business with him?

Mr. LASCARI. No; I was not.

Mr. HALLEY. Did you know him during the years prior to 1933?

Mr. LASCARI. I did, slightly, yes.

Mr. HALLEY. Did you ever purchase any beer from him?

Mr. LASCARI. No.

Mr. HALLEY. There is certain information before the committee that you received a number of phone calls from Charles Yanowski.

Mr. LASCARI. I?

Mr. HALLEY. Yes.

Mr. LASCARI. No, sir.

Mr. HALLEY. Mr. Yanowski was murdered about 2 years ago.

Mr. LASCARI. Yes.

Mr. HALLEY. Do you know that?

Mr. LASCARI. No, I don't. I don't even recall the name.

Mr. HALLEY. And prior to his murder his phones were being tapped.

Mr. LASCARI. Yes.

Mr. HALLEY. And the information we have is that some of the phone calls went to your home.

Mr. LASCARI. My home?

Mr. HALLEY. Yes.

Mr. LASCARI. No.

Mr. HALLEY. You have no knowledge of that?

Mr. LASCARI. You are misinformed there.

Mr. HALLEY. You have no knowledge of having had any calls from Charles Yanowski?

Mr. LASCARI. Absolutely not.

Mr. HALLEY. You never met him?

Mr. LASCARI. Absolutely not.

Mr. HALLEY. Do you know Carmine De Sapio?

Mr. LASCARI. No.

Mr. HALLEY. Did you ever speak to him on the telephone?

Mr. LASCARI. His name might have come up in a conversation, but I never met the individual.

Mr. HALLEY. In conversation with whom?

Mr. LASCARI. I don't know. I just don't recall.

Mr. HALLEY. How do you think his name might have come up in a conversation?

Mr. LASCARI. For the moment the name comes to my mind, but I don't know Mr. De Sapio?

Mr. HALLEY. Did you ever speak to him on the phone?

Mr. LASCARI. No.

Mr. HALLEY. Do you know William Solomon?

Mr. LASCARI. Yes.

Mr. HALLEY. How long have you known him?

Mr. LASCARI. I would say 8 or 9 years.

Mr. HALLEY. How did you meet him?

Mr. LASCARI. Through mutual friends. I just don't recall what the inception of our meeting was. I could not say.

Oh, by the way. I do. When we had the machine shops, he had brought in some orders and that is where the meeting took place.

Mr. HALLEY. What machine shop?

Mr. LASCARI. Alcuna.

Mr. HALLEY. What was that?

Mr. LASCARI. When?

Mr. HALLEY. What was that?

Mr. LASCARI. That was a machine shop.

Mr. HALLEY. I don't believe you mentioned it.

Mr. LASCARI. Oh, yes. Those were one of the businesses I mentioned, the Alcuna Co., going back to 1943.

Mr. HALLEY. It was a machine shop?

Mr. LASCARI. Yes.

Mr. HALLEY. How long were you in that?

Mr. LASCARI. Two and a half or three years.

Mr. HALLEY. Did you do work for the Government during that period?

Mr. LASCARI. Yes.

Mr. HALLEY. Who were your partners in that?

Mr. LASCARI. Mr. Zwillman.

Mr. HALLEY. Who else?

Mr. LASCARI. Hayman.

Mr. HALLEY. Who?

Mr. LASCARI. Hayman.

Mr. HALLEY. What is his full name?

Mr. LASCARI. Cuno Hayman.

Mr. HALLEY. Any other partners?

Mr. LASCARI. Mr. Mendell, and my daughter also had an interest in that business.

Mr. HALLEY. Where was that machine shop?

Mr. LASCARI. It was located at that time on West Sixtieth Street, between Columbus and Broadway.

Mr. HALLEY. What did you make?

Mr. LASCARI. General machining. I did work for the Western Electric Co., General Motors, Curtiss Wright, Firestone Tire & Rubber Co., and several other companies that I cannot think of for the moment.

Mr. HALLEY. Was that a profitable business?

Mr. LASCARI. Yes, it was.

Mr. HALLEY. What would you say were the net profits of that business?

Mr. LASCARI. I could not say for the moment. It was a profitable business, that is all I can say.

Mr. HALLEY. What was your function in the business?

Mr. LASCARI. My function?

Mr. HALLEY. Yes.

Mr. LASCARI. General supervision, outside salesman.

Mr. HALLEY. Did you do any direct Government work, or was it all subcontracted?

Mr. LASCARI. We were subcontractors.

Mr. HALLEY. You had no direct Government contracts?

Mr. LASCARI. No.

Mr. HALLEY. Were you ever in a company known as the Riverside Music Co.?

Mr. LASCARI. That is right. I owned that company.

Mr. HALLEY. You own that now?

Mr. LASCARI. No; I did.

Mr. HALLEY. What was that?

Mr. LASCARI. It was an automatic music—jukeboxes.

Mr. HALLEY. Jukeboxes?

Mr. LASCARI. Yes.

Mr. HALLEY. When were you in that?

Mr. LASCARI. When was I?

Mr. LAZARUS. Yes.

Mr. LASCARI. Up until 1947.

Mr. HALLEY. Did you have any partners in that?

Mr. LASCARI. No.

Mr. HALLEY. What jukeboxes did you handle?

Mr. LASCARI. I handled AMI and Wurlitzer, and I handled some other make; I just don't recall.

Mr. HALLEY. Did you buy your Wurlitzers from Lansky?

Mr. LASCARI. I bought them from the Wurlitzer Co. before Lansky was a distributor.

Mr. HALLEY. When did you start being a distributor?

Mr. LASCARI. I was not a distributor. I was an operator.

Mr. HALLEY. When did you become an operator?

Mr. LASCARI. I could not say; about 1937 or 1938. However, I do not want to be held to those dates.

Mr. HALLEY. What did you do, liquidate or sell out in 1947?

Mr. LASCARI. The Riverside?

Mr. HALLEY. Yes.

Mr. LASCARI. No, I gave that to Mr. Luciano's brother.

Mr. HALLEY. You mean Charlie, Lucky's brother?

Mr. LASCARI. That is right.

Mr. HALLEY. As a gift?

Mr. LASCARI. That is right.

Mr. HALLEY. And you did that in 1947?

Mr. LASCARI. In 1947; yes.

Mr. HALLEY. What were the total number of jukeboxes owned by your company at that time?

Mr. LASCARI. Oh, about 16 or 17.

Mr. HALLEY. And what was the average net income?

Mr. LASCARI. It was very small.

Mr. HALLEY. Annually.

Mr. LASCARI. A couple of thousand dollars.

Mr. HALLEY. Are there any other businesses——

The CHAIRMAN. Let me ask you, how did you happen to give it to him?

Mr. LASCARI. Well, our relationship, so far as the Luciano family was concerned, was very close. He was not doing anything; as a matter of providing a means of making a living I gave it to him.

The CHAIRMAN. What would you value it at; the business?

Mr. LASCARI. It is hard to say, Senator, because after all I did not know what the depreciated value of those machines were at the time. I would not know. You see, these things become obsolete in 2 or 3 years.

The CHAIRMAN. Well, would you say \$5,000?

Mr. LASCARI. I would say that, yes; or \$6,000.

Mr. HALLEY. Did you ever have——

Mr. LASCARI. That is, as a going business.

Mr. HALLEY. Did you ever have an interest in a restaurant?

Mr. LASCARI. In a restaurant?

Mr. HALLEY. Yes.

Mr. LASCARI. No.

Mr. HALLEY. Did you have any other businesses?

Mr. LASCARI. No.

Mr. HALLEY. Did you know Bugsy Siegel?

Mr. LASCARI. Yes.

Mr. HALLEY. Do you know Virginia Hill?

Mr. LASCARI. No.

Mr. HALLEY. How did you know Bugsy?

Mr. LASCARI. Well, our children used to associate with his children.

Mr. HALLEY. Did you ever visit him in California or in Las Vegas?

Mr. LASCARI. No.

Mr. HALLEY. Do you know of any company known as the Federal Automatic Co.?

Mr. LASCARI. I just mentioned that to you.

Mr. HALLEY. Which is that?

Mr. LASCARI. The washing-machine business.

Mr. HALLEY. Those are the washing machines?

Mr. LASCARI. Yes.

Mr. HALLEY. Do you have an associate in that named George Kesselhaus?

Mr. LASCARI. Originally, he was an associate, but not now any more.

Mr. HALLEY. When did he go out?

Mr. LASCARI. The early part of last year.

Mr. HALLEY. The early part of last year?

Mr. LASCARI. Yes.

Mr. HALLEY. Have you ever been in the liquor business after prohibition?

Mr. LASCARI. I was in the beer-distributing business for a year or so.

Mr. HALLEY. What business?

Mr. LASCARI. Beer distributing.

Mr. HALLEY. For a year or so?

Mr. LASCARI. Yes.

Mr. HALLEY. Whose beer did you handle?

Mr. LASCARI. A place out in Brooklyn; I cannot think of it—Kings.

Mr. HALLEY. Do you know who owned that?

Mr. LASCARI. Who owned it?

Mr. HALLEY. Yes.

Mr. LASCARI. I don't recall, counsel.

Mr. HALLEY. Was it Stacher?

Mr. LASCARI. No.

Mr. HALLEY. I have no other questions, now.

The CHAIRMAN. Mr. Lascari, doesn't this washing-machine outfit you have, have some contract with the Metropolitan Insurance Co., the buildings that they finance, the apartment buildings?

Mr. LASCARI. No, sir; I never heard of the name before.

The CHAIRMAN. The Metropolitan Insurance Co.?

Mr. LASCARI. You mean the——

The CHAIRMAN. Yes; that big insurance company.

Mr. LASCARI. Yes; we have them in their buildings; yes.

The CHAIRMAN. In one of their apartment buildings?

Mr. LASCARI. Yes.

The CHAIRMAN. Where is that?

Mr. LASCARI. In East Orange.

Mr. HALLEY. Is it a large apartment dwelling?

Mr. LASCARI. I believe it runs about 200 family units.

The CHAIRMAN. And the way they operate is, that you put the units in the basement; is that the way you do it?

Mr. LASCARI. We install them in the basement, and service the machines.

The CHAIRMAN. And they come down and do their own laundry?

Mr. LASCARI. That is right. We provide washing machines, driers, and extractors.

The CHAIRMAN. Are there any other companies that do the same thing?

Mr. LASCARI. Well, there is the Telecoin, and there are about a hundred companies in New York City in the same business.

The CHAIRMAN. But you are the principal one in northern New Jersey?

Mr. LASCARI. Not necessarily the principal one. There are about 35 or 40 of them over there.

The CHAIRMAN. All right.

Mr. HALLEY. Now, do you know Frank Lavorsi? He was in some sugar operation, or candy operation.

Mr. LASCARI. No.

The CHAIRMAN. Do you know a fellow named Giglio?

Mr. LASCARI. No, sir.

The CHAIRMAN. You do not know him?

Mr. LASCARI. No.

The CHAIRMAN. You have never been in narcotics yourself, have you?

Mr. LASCARI. No, sir.

The CHAIRMAN. Or had any connection with it?

Mr. LASCARI. No, sir.

The CHAIRMAN. I believe that is all.

Thank you very much.

Mr. HALLEY. Just a moment.

Mr. Lascari, if I should find it necessary to talk to you within the next few weeks, will you be in the vicinity?

Mr. LASCARI. I am at my office every day in the week, including Saturdays.

Mr. HALLEY. I will make arrangements through your counsel's office.

Mr. LASCARI. I have no counsel in this matter. You have my tobacco-company number, and I am there, as I said, from 8 in the morning to 6, from Monday to Saturday.

The CHAIRMAN. Where is your office?

Mr. LASCARI. 1464 North Broad Street, Hillside.

The CHAIRMAN. You do not have any office here in New York?

Mr. LASCARI. No; I don't.

Mr. WALSH. Mr. Lascari, do you know Mr. Lucchesi?

Mr. LASCARI. No.

Mr. WALSH. Do you know Vincent Raio?

Mr. LASCARI. No, sir.

Mr. WALSH. That is all.

Mr. LASCARI. You can call me at my office any time you want.

The CHAIRMAN. Thank you, sir.

Will you call your next witness?

Mr. HALLEY. We will have Mr. Profaci.

The CHAIRMAN. Good afternoon, gentlemen. Counsel, what is your name?

Mr. RONAYNE. My name is Ronayne. I was here the other night.

The CHAIRMAN. Oh, yes. Glad to see you again, sir.

Mr. HALLEY. We are sorry to have kept you waiting so long, Mr. Profaci.

Mr. PROFACI. I am ready to answer anything you wish me to.

The CHAIRMAN. All right. Will you raise your right hand and be sworn, sir?

Do you solemnly swear that the testimony you give this committee will be the whole truth, and nothing but the truth, so help you God?

Mr. PROFACI. I do.

TESTIMONY OF JOE PROFACI, BROOKLYN, N. Y., ACCOMPANIED BY JAMES RONAYNE, ATTORNEY

Mr. HALLEY. What is your full name?

Mr. PROFACI. Joe Profaci.

Mr. HALLEY. What is your address?

Mr. PROFACI. 8863 Fifteenth Avenue.

Mr. HALLEY. What is your business?

Mr. PROFACI. Olive-oil packer.

Mr. HALLEY. How long have you been in that business?

Mr. PROFACI. Well, since I came from the other side.

Mr. HALLEY. When did you first come to this country?

Mr. PROFACI. In 1922.

Mr. HALLEY. Are you a citizen?

Mr. PROFACI. Yes.

Mr. HALLEY. When did you become a citizen?

Mr. PROFACI. 1927, in September.

Mr. HALLEY. When you came to this country, where did you first live?

Mr. PROFACI. I went to live in Chicago.

Mr. HALLEY. How long did you stay there?

Mr. PROFACI. About 3 years.

Mr. HALLEY. And then where did you go?

Mr. PROFACI. To Brooklyn.

Mr. HALLEY. How long did you live in Brooklyn?

Mr. PROFACI. Since 1925.

Mr. HALLEY. And you are still living in Brooklyn?

Mr. PROFACI. Yes.

Mr. HALLEY. Do you have any home anywhere else?

Mr. PROFACI. No; only I own a farm.

Mr. HALLEY. You have a farm?

Mr. PROFACI. Yes.

Mr. HALLEY. Where is your farm?

Mr. PROFACI. Hightstown, N. J.

Mr. HALLEY. Hightstown, N. J.?

Mr. PROFACI. Yes.

Mr. HALLEY. When did you buy your farm?

Mr. PROFACI. In 1931.

Mr. HALLEY. Is the olive-oil business the only business you have?

Mr. PROFACI. Yes.

Mr. HALLEY. Were you in that when you first came to this country?

Mr. PROFACI. Yes, sir.

Mr. HALLEY. Where were you in it first, in Chicago?

Mr. PROFACI. In Chicago.

Mr. HALLEY. How old were you when you went to Chicago?

Mr. PROFACI. Twenty-three, twenty-three or twenty-four, I think.

Mr. HALLEY. And then when you came to Brooklyn, you went back into the olive-oil business?

Mr. PROFACI. No; I used to do business in Chicago; I had a grocery store.

Mr. HALLEY. You kept it open?

Mr. PROFACI. Yes.

Mr. HALLEY. Do you still have a business in Chicago?

Mr. PROFACI. No, no. I had it when I arrived there, I opened a grocery store.

Mr. HALLEY. And then you left Chicago?

Mr. PROFACI. Yes.

Mr. HALLEY. What did you do with your grocery store?

Mr. PROFACI. Well, I can't make any money, and I went into the bakery business over there.

Mr. HALLEY. Then you came to Brooklyn?

Mr. PROFACI. Yes.

Mr. HALLEY. Did you open a business in Brooklyn?

Mr. PROFACI. Yes.

Mr. HALLEY. Or did you work for somebody for a while?

Mr. PROFACI. No; I work all the while for me.

Mr. HALLEY. You opened a grocery store in Brooklyn?

Mr. PROFACI. No, no. I just sell oil, and cheese.

Mr. HALLEY. In Brooklyn?

Mr. PROFACI. In Brooklyn.

Mr. HALLEY. And today you still sell oil; is that right?

Mr. PROFACI. That is right.

Mr. HALLEY. Do you sell anything but oil?

Mr. PROFACI. That is right.

Mr. HALLEY. Your company is known as the Mama Mia Co.?

Mr. PROFACI. Yes.

Mr. HALLEY. Do you have any other company?

Mr. PROFACI. No. Well, I had the Santucci oil, which is oil also.

Mr. HALLEY. Is that another company?

Mr. PROFACI. It is bulk oil. It is a mix, 20 percent olive oil and 80 per cent peanut oil. Olive oil, Mama Mia is another company, pure olive oil, and then I have a bulk oil, I mean, drums, and they are called Sunshine. We deliver it with a tank wagon.

Mr. HALLEY. Have you recently been convicted for selling misbranded oil, olive oil?

Mr. PROFACI. Repeat again, please?

Mr. HALLEY. Have you recently had trouble with the Government?

Mr. PROFACI. Yes, sir.

Mr. HALLEY. Will you tell the committee about that?

Mr. PROFACI. Yes; I will be glad, I explain.

Mr. HALLEY. Go ahead.

Mr. PROFACI. You see, gentlemen, this Santucci oil, I had trouble with. I never had trouble in olive oil, because olive oil has to be pure, 100 percent, and I never had any trouble with olive oil.

In Santucci oil, you have 80 percent peanut oil and 20 percent olive oil—peanut oil, 80 percent; olive oil, 20 percent.

I have vats, gentlemen, I would say a quarter of this room, and we mix, and we mix, so the trouble I have, according to my knowledge, was something that I don't deserve, because before they pinch me they pinched somebody else, a lot of people.

Mr. HALLEY. You plead guilty, did you not?

Mr. PROFACI. If you permit me, please, I explain; yes?

Mr. HALLEY. Go ahead.

Mr. PROFACI. You see, what I understand people, my competitors do me the job, it means they talked bad about me competitively. So they pinch me, too, and naturally we went to court, and I don't want to plead guilty, gentlemen, but my lawyer advised me, "You have to spend a lot of money, plead guilty to misbranding. That won't hurt your business."

Misbranded is what I understand, or what I make them understand is a lowest misdemeanor.

So they no hurt my business.

So, to save the Government money and expense, I plead guilty to misbranding. My lawyer took care of my business, he told me it would not be hard on my business if I plead guilty for misbranding.

Anything like that happens, so in fact, gentlemen, after that I plead guilty for misbranding, and the Food and Drug Administration return the oil they seize from me. They seize my oil, and then returned me the oil back.

Mr. HALLEY. But you did plead guilty?

Mr. PROFACI. For misbranding, yes.

Another gentleman, another concern, he beat the case for the same charges that I had. He beat the case for the same charges that I had.

Mr. HALLEY. Have you ever been arrested for anything else?

Mr. PROFACI. Yes, sir; gentlemen.

Mr. HALLEY. What is that?

Mr. PROFACI. Well, I was arrested one time in Cleveland.

Mr. HALLEY. What was that for?

Mr. PROFACI. Well, to my knowledge, for nothing, because I was working, and they pinched me there.

Mr. HALLEY. What were you doing there?

Mr. PROFACI. I went there to expand my business, gentlemen.

Mr. HALLEY. What do you mean?

Mr. PROFACI. Well, to open up the territory.

Mr. HALLEY. And how do you open a territory in your business?

Mr. PROFACI. Well, through my people, to invite people to see many people, in fact today in Cleveland I have six or seven jobbers.

Mr. HALLEY. Now—

Mr. PROFACI. Because after that, I have been going there all the time.

Mr. HALLEY. You came to this country in 1922; is that right?

Mr. PROFACI. That is right.

Mr. HALLEY. And you were in Chicago for how many years?

Mr. PROFACI. Three years.

Mr. HALLEY. Then you came to Brooklyn?

Mr. PROFACI. That is right.

Mr. HALLEY. How long did it take you to build up your business in Brooklyn?

Mr. PROFACI. Well, gradually, little by little.

Mr. HALLEY. How long was it before you spread out over the country?

Mr. PROFACI. Well, I figure about 15 years.

Mr. HALLEY. About 15 years?

Mr. PROFACI. About 15 years.

Mr. HALLEY. Well, for the first few years where did you operate?

Mr. PROFACI. Well, first at 110 Bridge Street, in my house, because I usually delivered family to family before.

Mr. HALLEY. Then how did you operate?

Mr. PROFACI. Then I bought a place where I have it now, small.

Mr. HALLEY. When did you buy the place; do you remember?

Mr. PROFACI. In 1936.

Mr. HALLEY. 1936?

Mr. PROFACI. Yes; and I started to improve it there.

Mr. HALLEY. Once you bought the place, did you then begin to operate around in these different parts of the country, or had you done that before?

Mr. PROFACI. No—well, before I used to go with a truck, with a car, you know. Then I would start to ship with freight, with the train, and in fact with my truck I don't sell all over the country.

Mr. HALLEY. I am having a little trouble in understanding you. I am sorry.

Mr. PROFACI. I am sorry, too.

Mr. HALLEY. It is my fault as much as yours.

Mr. PROFACI. No; it is mine.

Mr. HALLEY. But let's go back. You came from Chicago to Brooklyn. Do you know the year?

Mr. PROFACI. In 1925.

Mr. HALLEY. 1925?

Mr. PROFACI. Yes.

Mr. HALLEY. And you had just been bankrupt in Chicago.

Mr. PROFACI. Not bankrupt, gentlemen.

Mr. HALLEY. Well, you went broke.

MR. PROFACI. No; I was not making money on the grocery, because other competitors did not give me a chance.

MR. HALLEY. Well, I thought you left Chicago because your business had failed. Is that wrong?

MR. PROFACI. Well, I didn't make any money; yes; that is true.

MR. HALLEY. And you had to close up; is that right?

MR. PROFACI. I closed up.

MR. HALLEY. When you came to Brooklyn, did you have any money?

MR. PROFACI. I don't have much.

MR. HALLEY. Did you have enough money to open a store?

MR. PROFACI. Well, I have a few thousand dollars to buy oil, you know, and trust here and there.

MR. HALLEY. But you operated from your own home; is that right?

MR. PROFACI. Yes. No, before when I started operating in my own home, that was after I married.

MR. HALLEY. After you were married.

MR. PROFACI. Yes.

MR. HALLEY. When were you married?

MR. PROFACI. 1928.

MR. HALLEY. What time in 1928, do you remember?

MR. PROFACI. In June.

MR. HALLEY. In June?

MR. PROFACI. Yes.

MR. HALLEY. Now, up to that time, how big was your business when you were married?

MR. PROFACI. Well, not big, gentlemen.

MR. HALLEY. It was a little business?

MR. PROFACI. Yes.

MR. HALLEY. Were you operating in other cities, or just in Brooklyn?

MR. PROFACI. Sometimes we delivered in Philadelphia, you know, and I deliver in Connecticut, Newark, Brooklyn, or New York.

MR. HALLEY. But you were just delivering yourself.

MR. PROFACI. Yes.

MR. HALLEY. You would go and make the delivery?

MR. PROFACI. Yes.

MR. HALLEY. How long was it before you had a business big enough to have jobbers in other cities?

MR. PROFACI. Well, about 1935 I started—

MR. HALLEY. That is when you began to really expand?

MR. PROFACI. Yes.

MR. HALLEY. What cities did you begin to expand to?

MR. PROFACI. Well, first Newark—no, local first, then Newark, Trenton, Philadelphia, Pittsburgh, Scranton, Cincinnati, Cleveland, Detroit.

MR. HALLEY. All at once, or which first?

MR. PROFACI. No; little by little.

MR. HALLEY. Where did you go first?

MR. PROFACI. Well, first I went here.

MR. HALLEY. Well, where was your first expansion, to Newark?

MR. PROFACI. No, local first.

MR. HALLEY. Then Newark and Philadelphia?

MR. PROFACI. Local, first, and then Newark.

Mr. HALLEY. Now, then, in 1928, when you were married you moved your business into your house?

Mr. PROFACI. I have a garage underneath, I put the store underneath, and I operated my business there.

Mr. HALLEY. You operated from your house.

Mr. PROFACI. Yes.

Mr. HALLEY. At that time you did not have jobbers, or anything like that.

Mr. PROFACI. No; just I have some grocery business. I delivered groceries to private houses.

Mr. HALLEY. To private houses?

Mr. PROFACI. Yes.

Mr. HALLEY. Do you mean you would sell to private houses?

Mr. PROFACI. Yes; I have been selling to private houses.

Mr. HALLEY. Where were these private houses? In Brooklyn?

Mr. PROFACI. In Brooklyn.

Mr. HALLEY. Anywhere else?

Mr. PROFACI. New York and Brooklyn.

Mr. HALLEY. Anywhere else?

Mr. PROFACI. No.

Mr. HALLEY. And in 1929 and 1930, did you continue the business that way?

Mr. PROFACI. Yes.

Mr. HALLEY. You were not selling to other cities at that time, were you?

Mr. PROFACI. No. Sometimes I loaded truck, and I go to Trenton or Newark, you know.

Mr. HALLEY. And you did not begin to sell to cities like Cincinnati and Cleveland until some years later; is that correct?

Mr. PROFACI. Yes; about 1936, 1937, 1938, 1939, 1940, 1941—gradually.

Mr. HALLEY. Now, I would like to get back to this arrest of yours in Cleveland. I think you must have made a mistake when you said you went to Cleveland to open up some new territory for your business.

Mr. PROFACI. That is right.

Mr. HALLEY. Do you remember when you were arrested in Cleveland?

Mr. PROFACI. Well, it was after I was married, in the same year I was married.

Mr. HALLEY. That is right, in 1928.

Mr. PROFACI. It was in 1928.

Mr. HALLEY. What business did you have in Cleveland in 1928?

Mr. PROFACI. I went there to sell merchandise, oil.

Mr. HALLEY. You just testified that in 1928 you were operating a very small business in your own home, and only selling around Brooklyn.

Mr. PROFACI. And I tried to double it, little by little.

Mr. HALLEY. You said a few minutes ago, that you did not start trying to sell in Cleveland until 1935 or 1936.

Mr. PROFACI. Yes, in a big way.

Mr. HALLEY. You did not distinguish between a big way or a little way. I thought your testimony was pretty definite.

Mr. PROFACI. (No response.)

Mr. HALLEY. Who were your customers in Cleveland?

Mr. PROFACI. Today?

Mr. HALLEY. Ever?

Mr. PROFACI. Well, I have Tornello Importing Co.

Mr. HALLEY. Is that Frank Milano?

Mr. PROFACI. Frank Milano. Then Mayflower Importing Co. Then I have some more.

Mr. HALLEY. I assume he is through with Cleveland.

Mr. PROFACI. In Ohio.

Mr. HALLEY. No, I meant Cleveland. You don't expect anybody here to believe that when you had a little business in Brooklyn, you suddenly went to Cleveland in 1928 to try to sell a little olive oil?

Mr. PROFACI. I tell you, gentlemen, why I went there, because there was some friend of my father told me they had a friend over there, and he says they need me there in Cleveland.

Mr. HALLEY. Who is this friend of your father's?

Mr. PROFACI. Somebody by the name of Ignacio Italiano.

Mr. HALLEY. How long did your father know him?

Mr. PROFACI. Well, he know him from the other side.

Mr. HALLEY. Did you know Ignacio Italiano?

Mr. PROFACI. That is right.

Mr. HALLEY. You went to Cleveland to see him?

Mr. PROFACI. Yes.

Mr. HALLEY. He was then a much older man than you?

Mr. PROFACI. Yes.

Mr. HALLEY. And with him did you go to a meeting at the Statler Hotel?

Mr. PROFACI. No meeting, gentlemen.

Mr. HALLEY. Well, there were 24 men there, were there not?

Mr. PROFACI. Well, I don't know how many there was, but as soon as I walked in, they pinched me.

Mr. HALLEY. As soon as you walked in, you were pinched?

Mr. PROFACI. Yes.

Mr. HALLEY. You were not there to sell olive oil, were you?

Mr. PROFACI. That is what he introduce me for, this old man.

Mr. HALLEY. Was Italiano in the olive oil business?

Mr. PROFACI. He was in the grocery business. I was selling to him, too.

Mr. HALLEY. Were you selling to him in 1928?

Mr. PROFACI. Yes.

Mr. HALLEY. Remember that in 1928, you testified a little while ago that you just had a little business.

Mr. PROFACI. Yes.

Mr. HALLEY. That you were operating out of your own garage.

Mr. PROFACI. Yes, sir.

Mr. HALLEY. And you said you only sold locally.

Mr. PROFACI. I said, yes—I tell you, I explain. The man came from Tampa, Fla., and when he come in he asked for oil, and I sell it to him.

Mr. HALLEY. What man came from Tampa?

Mr. PROFACI. This gentleman, this Italiano.

Mr. HALLEY. Italiano came from Tampa?

Mr. PROFACI. Yes.

Mr. HALLEY. For oil?

Mr. PROFACI. I met him in Brooklyn, he asked me for oil. I remember one time I sell him 150 cases oil.

Mr. HALLEY. When did you sell him 150 cases?

Mr. PROFACI. 1927, about that time.

Mr. HALLEY. In Tampa?

Mr. PROFACI. No; here.

Mr. HALLEY. In New York?

Mr. PROFACI. In Brooklyn.

Mr. HALLEY. Yes; but not out of town.

Mr. PROFACI. No.

Mr. HALLEY. Now, is it not a fact that 13 guns were seized in that room where you were arrested?

Mr. PROFACI. Well, I don't know, gentlemen. There were guns. I don't know who gave guns.

Mr. HALLEY. There were guns, weren't there?

Mr. PROFACI. I heard they had guns.

Mr. HALLEY. You know there were guns, don't you?

Mr. PROFACI. There was guns, but I don't know anything about a gun.

Mr. HALLEY. There was more than one gun there, there were a lot of guns.

Mr. PROFACI. We heard that.

Mr. HALLEY. What?

Mr. PROFACI. I heard they had a lot of guns there.

Mr. HALLEY. Who else was at that meeting that you know, besides Italiano?

Mr. PROFACI. Well, I went there, gentlemen, with a brother-in-law of mine.

Mr. HALLEY. Mangano?

Mr. PROFACI. No; a brother-in-law of mine, because I went with the car.

Mr. HALLEY. You drove?

Mr. PROFACI. My brother-in-law, Joe Magliocco.

Mr. HALLEY. Was he at the meeting?

Mr. PROFACI. He drive me over there, because I cannot drive a car, because I have one leg, and I could not drive a car sometimes, so he drive me over there.

Mr. HALLEY. He drove you to Cleveland?

Mr. PROFACI. Yes, sir.

Mr. HALLEY. He was not arrested, was he?

Mr. PROFACI. He was arrested, too.

Mr. HALLEY. What was his name?

Mr. PROFACI. Magliocco.

Mr. HALLEY. Is that spelled M-a-g-l-i-o-c-c-o?

Mr. PROFACI. Yes, Mister.

Mr. HALLEY. His name is listed here as Guiseppe.

Mr. PROFACI. Yes.

Mr. HALLEY. He was your brother-in-law?

Mr. PROFACI. Yes.

Mr. HALLEY. What business is he in?

Mr. PROFACI. In the beer business.

Mr. HALLEY. In the beer business?

Mr. PROFACI. Yes.

Mr. HALLEY. And he went to this place with you?

Mr. PROFACI. He drove me over there.

Mr. HALLEY. Do you know a man named Vincent Mangano?

Mr. PROFACI. Yes.

Mr. HALLEY. Was he there, too?

Mr. PROFACI. I heard he was there.

Mr. HALLEY. Well, you saw him there, didn't you?

Mr. PROFACI. Yes.

Mr. HALLEY. He was arrested there, too, wasn't he?

Mr. PROFACI. I heard he was there, and he disappeared. I don't know.

Mr. HALLEY. Is he a friend of yours today?

Mr. PROFACI. Yes, sir; I know his family.

The CHAIRMAN. Mr. Halley, if I may interrupt, because of an engagement I have in Washington, I have to leave very shortly, and I wonder if Mr. Profaci and his counsel, Mr. Ronayne, would mind if we might conclude our last little press conference, and then continue with this examination, and try to get through with Mr. Profaci this afternoon.

Mr. HALLEY. Well, I would suggest this, if it is all right with Mr. Ronayne and Mr. Profaci, that there are some further things I would like to ask him, but there is no rush, and we have promised to have the press conference, so if they are going to be in New York, and don't mind, perhaps we can arrange a conference in my office some day at our mutual convenience, and I promise you that you won't be kept waiting.

Mr. RONAYNE. Well, I am in New York and Mr. Profaci is here. We are at your convenience.

Mr. HALLEY. Of course you realize you are still subject to the subpoena and we can continue it some other time.

The CHAIRMAN. Well, can you continue sometime just informally without me coming back?

Mr. RONAYNE. I don't mind.

Mr. HALLEY. We will have a stenographer present to take the testimony.

The CHAIRMAN. Thank you, Mr. Ronayne.

Mr. HALLEY. That will be all for this time.

Mr. PROFACI. Thank you, gentlemen.

The CHAIRMAN. Well, that will be all for this New York hearing. (Whereupon, at 5 p. m., an adjournment was taken.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

MONDAY, MARCH 12, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

The committee met, pursuant to call of the chairman, at 10 a. m., twenty-eighth floor, United States Courthouse, Foley Square, New York City, N. Y., Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver, Tobey, and O'Connor.

Also present: Rudolph Halley, chief counsel; James Walsh, Alfred Klein, Joseph Nellis, David Shivitz, Reuben Lazarus, and Louis Yayner, committee counsel.

The CHAIRMAN. I am sorry that our hearing room is not larger so as to accommodate more people who would like to attend the hearings, but we will have to do the best we can. This is probably the last series of hearings outside of Washington which the Senate Committee Investigating Crime in Interstate Commerce will have an opportunity to hold before our authority expires on March 31. The final closing hearings will be held in Washington during the closing weeks of this month.

We plan to take additional testimony and some suggestions or recommendations from a number of Government witnesses and heads of the executive departments at the hearings in Washington.

It is a great pleasure to have with us this morning two of our fellow Members of the Senate and members of this committee, Senator Herbert O'Connor, sitting on my left, of the great State of Maryland; Senator Charles W. Tobey, of New Hampshire, both very distinguished Members of the United States Senate, who have taken a most active part in the work of this committee.

During the week, on Wednesday, Senator Hunt, from Wyoming, another member of the committee, will be present for the rest of the week, and Senator Wiley, of Wisconsin, will be here during part of our hearings. In his absence his capable administrative assistant, Julius Kahn, is here in the hearing room somewhere.

Also, the committee has invited Senators Lehman and Ives, our colleagues of the State of New York, to sit with us any time they can be here during the hearing.

We are pleased this morning to have with us the United States district attorney, Mr. Irving Saypol, and one of his assistants, Mr. John Foley or Mr. Saypol will be present with us during most of the hearings. Judge Ploscowe, who is the executive director of the

American Bar Association Commission, is present. We anticipate that someone representing the Greater New York Crime Commission and district attorneys' offices in New York will be present with us during part of the hearing.

It is quite appropriate, it seems to me, that New York be the scene of our next-to-closing hearing, not because this city is any more crime-ridden than any other city. As a matter of fact, I think considering the population, it is less so; but because, just as everything else in New York is bigger than anywhere in the country, the task of our committee here has proved to be bigger and more complex. However, we have come to New York with a fairly clear picture of the operations of organized crime as they are carried out elsewhere in the United States. We have been engaged in the study of these operations from coast to coast since last May, and I dare say the committee is better equipped to understand and to cope with the problems that are reported by our investigators to exist here than we could possibly had we come earlier in our investigation.

The city of New York is to be congratulated upon having many good and capable public servants and very able, aggressive prosecuting attorneys, who are doing their level best to suppress crime in this great metropolis. In this connection, I want particularly to mention Mr. Frank S. Hogan, the district attorney of New York County, and Miles F. McDonald, the district attorney of Brooklyn, two splendid officials who have been very zealous in their cooperation with the committee, as they have been in their work as public prosecutors.

We have had a great deal of assistance from officials and prosecutors, Federal, State, and local, on whom we have called.

The city is also blessed with an aggressive press, which is particularly aware of crime and has spared nothing to bring it forcibly to the attention of the public so that the people may be on guard against it.

Long before this committee inaugurated its intensive investigation into conditions in New York—in fact, during the last election campaign in the fall of 1950—a number of charges were made against each other by various candidates. Allegations were quite freely made to the effect that there was such a close connection between politics and crime that the committee could not overlook them.

The committee has, accordingly directed its attention to these charges, among other things to be considered here in New York, and we will attempt to discover whether there has been any solid link between organized crime and politics in this area; and more particularly between politicians and criminals engaged in interstate operations.

Some of the political candidates who made these voluble charges a few months ago have taken the position that they do not desire to testify before this committee to substantiate them, inasmuch as they regard the charges as statements made in the course of a political campaign.

Nevertheless, to the extent of its time and facilities, and to the extent that it is within our jurisdiction, the committee has delved into this situation. It is not our function, of course, to dig into purely local matters; it would be presumptuous for us to attempt to duplicate the fine work that is being done along these lines by your district attorneys in New York.

We have called a great many witnesses in anticipation of these hearings. Some of them have been heard in private session, both by the committee at its executive sessions some weeks ago, and by the staff. Because of the limitations of time, it has been necessary to make a choice of witnesses to be heard in open session. This choice has been made on the basis of the value of the individual's testimony and how much it could add to the picture of interstate criminal operations already developed by the committee.

It would be unfortunate indeed if the calling of any particular witness or witnesses, or the committee's failure to call any particular witness, should lead to any unwarranted inference; and the mere fact that a witness has been subpoenaed to appear here should not be taken as inferring any wrongdoing on his part. We have many good citizens, and many public officials, who will appear.

I would like to emphasize at this time, as we have at every previous hearing, that we want to do everything possible to prevent smearing the name or the reputation, or the standing, of any good citizen, and that anyone's name who is mentioned in connection with the testimony at this hearing who feels that the full facts have not been presented, or that he has a grievance, or wants to make any denial or explanation of the testimony that has been brought out, we want to invite him to do so. All they need to do is to get in touch with anyone on the staff of the committee, or with the committee, and in the same session where their name has been mentioned, if it is humanly possible to do so, or on the same day, in any event, we want to give them the full opportunity of being heard. So that when we leave New York we hope that no one will feel that their name has been mentioned and they didn't have a chance to have their say.

Before calling the first witness I would like, on behalf of the committee, to tender our thanks to the judges of the United States district court, particularly Chief Justice John C. Knox, for the use of these facilities for holding our hearings.

I would also like to thank the administrator of the building, Mr. Armand Chankalian, and his assistant, Mr. Miller, for their helpful assistance with the arrangements; and Mr. William A. Carroll, the United States marshal, who has provided us the service of his deputies for all of our hearings, and has served many of our subpoenas; and for others who have assisted us so generously.

We are also grateful for the splendid cooperation of the press of New York throughout our investigation here. The quality and caliber of the newspapers and newspapermen of the press of New York, and of the ladies of the press, is excelled nowhere in the country, and their assistance in our inquiry is deeply appreciated by the committee.

I should like also to thank the radio and television stations of New York for their public service in bringing the committee's activities here and elsewhere to the attention of their vast audience.

A word of appreciation is also due to our untiring chief counsel, Rudolph Halley, who is on the left of Senator O'Connor, who has personally directed the investigation of the committee in New York, and to the untiring and faithful service of the staff of lawyers and investigators and others who are here and who will participate in this hearing—I shan't mention all of their names at the present time—who worked so hard to bring this phase of the committee's inquiry to its

culmination. Many and most of the staff members have made personal sacrifices to help us with this inquiry, and we are very grateful.

I am sure that we shall have occasion, before the close of this hearing, to refer more fully to the work of the staff and the lawyers who have assisted Mr. Halley and the committee.

But I did not want the open session to start without an acknowledgment of the committee's deep appreciation.

I understand that during this hearing, as much as we all like to smoke, that we will not be able to. That is, after the witnesses are sworn, this rule will go into effect, Senator Tobey. We will not start the rule immediately. We will have, however, to enforce the no-smoking rule, upon the order of the judge, and, of course, because of the crowded conditions.

I hope that we can keep the temperature here as cool as possible, and have as much fresh air as possible.

It will be our plan to try to get along without having night sessions in New York. Almost everywhere else, we have found it necessary to have sessions during the nighttime.

In this next to the last session, it is good to see so many gentlemen of the press who have been with the committee from coast to coast, and with whom we have enjoyed working all of these long months of this inquiry.

We want it distinctly understood that we have no prosecutive status. This is not a grand jury. We do not want to cause anybody any trouble, if we can help it. We are here to get the facts. We ask the cooperation of the witnesses and of the public in trying to give this Senate committee such facts that we can present the picture to Congress, and upon which Congress can pass legislation.

Before proceeding with the first witness, I wish to call on Senator O'Connor, of Maryland, for any statements or observations he wishes to make.

Senator O'Connor. Senator Kefauver, you have covered so thoroughly and so well, as you always do, this situation that there is nothing left to be said by us, who are, of course, serving under the able leadership of the distinguished Senator from Tennessee. But, by way of postscript, if I may, for double emphasis, the only observations I should like to make are these: That, as has been emphasized, this committee is not expected to delve into every local matter or to undertake the prosecution or the investigation of every local incident, because that is, and must be, left to local enforcement officers. However, we do feel it our duty, for the information of the public, to ascertain whether the facilities of interstate commerce are being used, have been used, for unlawful activities, and that seems to be a field in which profitably we can operate and bring out whatever facts are to be brought out.

While Senator Kefauver indicates that this committee isn't bent on causing trouble for anyone, nevertheless, if trouble must be brought, this committee is not going to shirk its responsibility.

I do, in that connection, Senator Kefauver, think that this is a fact-finding, rather than a fault-finding body in operation, and we have a job to do, and that is whether or not, putting it bluntly, gangsterism in America is to attain supremacy over law-abiding activities, whether or not the criminal class is to have the upper hand over those who are

willing to abide by the legal statutes and the mandates which the rest of us feel are easy to live up to, and not have open defiance.

So, Senator Kefauver, I merely wish to say it will be a pleasure and privilege to proceed under your able direction in order to ascertain just what the situation in this great city is.

The CHAIRMAN. Thank you, Senator O'Connor.

Senator Tobey, considering the fact that he had a campaign last year, has been able to give the committee a tremendous amount of time and always a great amount of encouragement at all times; and I know he will have some observations to make before we get started.

Senator TOBEY. Mr. Chairman, I shall be very brief. I am glad to be associated with you and the Senator from Maryland in this important work. I have followed it as closely as I could. I feel very strongly that the criminal elements in this country do not recognize State lines and State boundaries. Their field is the entire Nation, wherever it leads them, to carry on their dirty work, and even across the water perhaps some criminals from America are still functioning. Time will tell.

But I do want to say this: that we have disclosed in the testimony given here a series of alliances or, rather, mesalliances between criminal interests of this country and certain law-enforcement agencies and offices. And in my judgment we can do no more important, vital, or far-reaching work than to expose this collusion and this corruption between those who are sworn to enforce the law in the interests of the people of this country and the gangsters and criminal interests in America. So we carry on *pro bono publico*.

[S. Res. 202, 81st Cong., 2d sess.]

RESOLUTION

Resolved, That a special committee composed of five members, two of whom shall be members of the minority party, to be appointed by the President of the Senate from the Committee on Interstate and Foreign Commerce of the Senate and the Committee on the Judiciary of the Senate, is authorized and directed to make a full and complete study and investigation of whether organized crime utilizes the facilities of interstate commerce or otherwise operates in interstate commerce in furtherance of any transactions which are in violation of the law of the United States or of the State in which the transactions occur, and, if so, the manner and extent to which, and the identity of the persons, firms, or corporations by which such utilization is being made, what facilities are being used, and whether or not organized crime utilizes such interstate facilities or otherwise operates in interstate commerce for the development of corrupting influences in violation of law of the United States or of the laws of any State; *provided, however*, That nothing contained herein shall (1) authorize the recommendation of any change in the laws of the several States relative to gambling, (2) effect any change in the laws of any State relative to gambling, or (3) effect any possible interference with the rights of the several States to prohibit, legalize, or in any way regulate gambling within their borders. For the purposes of this resolution, the term "State" includes the District of Columbia or any Territory or possession of the United States.

SEC. 2. The committee shall select a chairman from among its members. Vacancies in the membership of the committee shall not affect the power of the remaining members to execute the functions of the committee, and shall be filled in the same manner as the original selection. A majority of the members of the committee, or any subcommittee thereof, shall constitute a quorum for the transaction of business, except that a lesser number, to be fixed by the committee, shall constitute a quorum for the purpose of taking sworn testimony.

SEC. 3. The committee, or any duly authorized subcommittee thereof, is authorized to sit and act at such places and times during the sessions, recesses, and adjourned periods of the Senate, to require by subpoena or otherwise the

attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words.

SEC. 4. The committee shall have power to employ and fix the compensation of such officers, experts, and employees as it deems necessary in the performance of its duties, but the compensation so fixed shall not exceed the compensation prescribed under the Classification Act of 1949 for comparable duties. The committee is authorized to utilize the services, information, facilities, and personnel of the various departments and agencies of the Government to the extent that such services, information, facilities and personnel, in the opinion of the heads of such departments and agencies, can be furnished without undue interference with the performance of the work and duties of such departments and agencies.

SEC. 5. The expenses of the committee, which shall not exceed \$150,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

SEC. 6. The committee shall report to the Senate not later than February 28, 1951, the results of its study and investigation, together with such recommendations as to necessary legislation as it may deem advisable. All authority conferred by this resolution shall terminate on March 31, 1951.

The CHAIRMAN. For today the chairman appoints a subcommittee of Senator O'Connor, Senator Tobey, and himself to act as subcommittee of three to hold the hearing today.

During the course of the hearing this week other Senators will be designated to preside. I want to ask Senator O'Connor to preside over the meetings tomorrow, if he will do so.

Now, Mr. Halley, our first witness.

Mr. HALLEY. The first witness, Mr. Chairman, is George Morton Levy.

The CHAIRMAN. Now I would like to ask the gentlemen of the press photographers to take pictures when the witness first starts so as not to interrupt the witnesses too much during the time of their testimony.

Will Mr. Levy take the stand. Do you solemnly swear that the testimony you will give this committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LEVY. I do.

TESTIMONY OF GEORGE MORTON LEVY, ATTORNEY, FREEPORT, LONG ISLAND, N. Y.

Mr. HALLEY. What is your full name, for the record, Mr. Levy?

Mr. LEVY. George Morton Levy.

Mr. HALLEY. And your address?

Mr. LEVY. 86 Smith Street, Freeport, Long Island.

Mr. HALLEY. And what is your occupation?

Mr. LEVY. Lawyer.

Mr. HALLEY. Have you had any connection with the Nassau County Racing Association or the Nassau Trotting Association?

Mr. LEVY. I am president of the Nassau Trotting Association, Inc.

Mr. HALLEY. Will you describe the Nassau Trotting Association and its activities?

Mr. LEVY. I don't know, Mr. Halley, whether you mean—at first, let me make this observation for the record. I am here as a voluntary witness and came on from Florida. I received a telegram, and I read in the paper this morning I had been subpoenaed. That is not so. So I just want the record to be clear on that.

Now as to the trotting corporation, in response to your question, the first corporation was the old Country Trotting Association, which is

the owner of the property and the original pioneer of trotting under the pari-mutuel law of the State of New York.

Now, from your question, you mean both—because the Nassau Trotting is a tenant that came into existence as a successor corporation to another tenant known as the Cedar Point Trotting Association.

Mr. HALEY. Now, the old Country Trotting Association does not actually operating racing, does it?

Mr. LEVY. It definitely does.

Mr. HALEY. I thought it owns the track?

Mr. LEVY. It does own the track.

Mr. LEVY. Two corporations operate—if you are speaking of 1950, two corporations operate trotting at different times of the year during dates assigned by the New York State Harness Racing Commission. The old Country Trotting Association, the pioneer and the owner, operated in 1950 for approximately 80 nights. The Nassau Trotting Association, a tenant, operated for approximately, or for definitely, 36 nights.

Mr. HALEY. What is the reason for having different corporations operate on the same track?

Mr. LEVY. Well, there are two separate independent corporations. In other words—do you want me to give you a little history?

Mr. HALEY. Yes; that is exactly what we would like.

Mr. LEVY. I want to be responsive, too.

The old Country Trotting Association in 1940 helped in sponsoring the legislation, the law. We pioneered the trotting in the State of New York. In fact, we were the first pari-mutuel trotting track in America. We started in September, roughly, 1940. We started—and I will try to give you a quick figure—we started first with a capital of \$100,000. We soon lost it. We then increased the capital, I think in November of 1940, by another \$100,000. That is in the year 1940.

Mr. HALEY. At that point were you operating races or building a track?

Mr. LEVY. Operating races.

Mr. HALEY. On an existing track?

Mr. LEVY. There was an existing—no; we used the premises owned by Roosevelt Field, which premises consisted roughly of two-hundred-odd acres. There was an old automobile race track there to begin with which had a tremendous grandstand; in fact, it extended around there for almost a mile. So we cut down a little of that grandstand in the beginning; we had to build a track; the automobile track was, I imagine—all you gentlemen remember it—that was promoted, I think, by George Preston Marshall, of Washington, and a great many others, and had a distance roughly of a mile or a mile and a half, and there would be tunnels underneath, and then elevations, and what not. It was not a flat strip. They raced on it.

When we came in we tore down a little part of the grandstand, used the balance of the grandstand, and built our trotting track. That is as far as we went, and built the pari-mutuel department, and I think the first year a very small paddock. That was in 1940.

Mr. HALEY. Will you go on with the history?

Mr. LEVY. All right. So in the end of 1940 we, as I say, we had lost our original capital of \$100,000; we had an average handle, I think, of roughly \$45,000.

MR. HALLEY. May I interrupt you there? Who were the original chief parties in interest?

MR. LEVY. Well, I will give it to you exactly, because all of the names of the subscribers to our stock had to be filed with the New York State Harness Racing Commission. When Elbridge Gerry was the chairman of that commission. He is a nephew of Roland Harriman, who had been interested in trotting for many, many years, and I think a partner over there in Brown Bros., Harriman. Ebby Gerry and I talked about this thing in the very beginning, and I made the suggestion to him, "I have represented Erickson in the past, and I think every dollar of the money that goes in the track should be accounted for, the source, how long the people have had the money, and what not, so there is no question whatsoever."

Along that line, my subscription was combined with Robert Johnson, because he and I promoted the enterprise, which was \$25,000. The \$25,000 that we put in was borrowed from Frank Stevens, the caterer, and that went into the company.

Now, the other gentlemen who went in, of that first \$25,000, as I said, Johnson and I put up \$25,000 borrowed from Frank Stevens; Richard H. Brown, who was the third member of the law firm of Littleton & Levy, put up \$5,000 for our law firm, independent of the \$25,000 that I had borrowed from Frank Stevens.

William Weissman, a lawyer in New York City, who has an office at 1270 Sixth Avenue, put in \$15,000.

J. Alfred Valentine, an old-time insurance man down in Nassau County, put in \$5,000.

Stuart Iglehard, who lives out there in Westbury, and who actually did the building, the small amount of building originally made, put in \$10,000.

One Robert Lester, a friend of one Oscar Roy, who is connected with the Journal of Commerce, invested \$10,000. I think he sold his shortly thereafter.

One, Harry G. Star, put in \$17,500. Star is a retired department-store executive, I think, out of Stern's department store. He had been a client of mine.

There is a very interesting short story connected with his investment.

He originally subscribed to \$35,000. Then his family thought he shouldn't be in the racing business for such a large amount of money. He finally reduced it to \$17,500. And then his lawyers—and the lawyers, I think, were Charley Poletti, his firm, Diamond, Rabbey, Poletti, and somebody else, whoever they were—insisted that I personally guarantee him against losses, together with—he wanted a salary, he wanted a number of things.

MR. HALLEY. We don't want the details.

MR. LEVY. Anyway, he invested \$17,500, with my written guaranty against losses.

MR. HALLEY. All right.

MR. LEVY. Fred Burge, a local accountant down in Freeport, put in \$2,500; and \$5,000 was invested by the wife and assistant district attorney, named Albert Dimeo.

MR. HALLEY. In short, you have a list of stockholders who could be presented to the trotting commission and who were to be in every way respectable citizens, upstanding members of the community?

MR. LEVY. Very definitely.

Mr. HALLEY. And on that basis you were able to have laws passed permitting pari-mutuel trotting at the Roosevelt Raceway; is that correct?

Mr. LEVY. Well, I wouldn't say that. The law had been passed at the time we raised our money. The law was passed early in 1940. We organized and raised our money and started in September of 1940.

Mr. HALLEY. But one of the considerations——

Mr. LEVY. Of the commission.

Mr. HALLEY. Presented to the legislature was that any racing would be handled under the scrutiny of a commission and by persons of unquestionable integrity; is that correct?

Mr. LEVY. Well, that would be implied by the appointment of the commission, to scrutinize the integrity of the applicants; certainly.

Now, the second end of the original subscription—when we lost our first \$100,000 was put up by very few men too. Ten thousand dollars was put up by Edward C. Bruns, the oldest member of the New York Stock Exchange. And all the stock exchange that I may refer to here came through Bob Johnson, who is connected with E. F. Hutton & Co. and a member of the New York Stock Exchange.

George Motz, a garageman who had the Ford agency at Mineola, put in \$4,000.

Reuben Smith, who ran a dairy business at Amityville and at Rockville Center, Long Island, put in \$5,000.

One George C. Burr, a lithographer and manufacturer and a member of the Weekly Hills Golf Course and a resident of the vicinity, put in \$7,000.

Robert C. Hill, a member of the New York Stock Exchange, put in \$5,000.

Katherine S. Manning, who was the widow of Louis Manning, who was the pioneer out in Roosevelt Field, put in \$5,000.

One, Walter S. Horn, who is the vice president of Burlington Mills, the textile concern, put in \$5,000.

Alfred V. Kinsley, who resided at Westbury and was secretary to Alfred Vanderbilt, put in \$4,000.

Edward B. Thompson, the president of the First National Bank of Freeport, through me, put in \$3,000.

Walter S. McGann, who was associated in my office in New York, put up \$10,000; but it was not his money. The money was the money——

Mr. HALLEY. Just the name.

Mr. LEVY. Well, Walter S. McGann.

Mr. HALLEY. Whose money was it, without giving us the actual details?

Mr. LEVY. The money was the money of William P. McDonald, a contractor in Flushing whom I represented at that time. He wanted the stock in McGann's name.

Dave Holman, \$3,000; an assistant district attorney and a long-time resident of Nassau.

Mortimer M. Mahoney, the original pari-mutuel manager of pari-mutuel tracks, put in \$12,000.

Murray Becker, a lawyer of New York City, an old friend of mine, \$5,000.

Henry B. Clark, a client of Bright D. A., down in the stock exchange, put in \$5,000.

Donna L. Jones, who is the wife of James Jones, the photo-finisher man, put in \$5,000.

John A. Sisler, a member of the New York Stock Exchange, put in \$5,000.

Martin V. W. Hall, a long resident of Nassau, put in \$3,000. He was president of the Hempstead Bank, That is, Hempstead, Long Island.

Three thousand dollars was put in by Fred Norman, who is the manufacturer in New York City and a friend of George Motz, the Ford agent I referred to.

And J. Alfred Valentine put in another \$1,000.

MR. HALLEY. Who actually ran the company?

MR. LEVY. Well, the company is run by its directors and executive committee, which functions in between meetings of the board of directors; and the general manager, from the inception, has been J. Alfred Valentine.

MR. HALLEY. What has been your connection with the track?

MR. LEVY. I have been general counsel of the track. I helped in writing the law. As far as that is concerned, I helped considerably in getting these finances and in connection with the actual running of the track; I mean, we were all pretty green hands at that time as to the operation of a trotting track; we didn't know too much about it.

I would say that Valentine knew more about the horse end than any of us. Johnson knew very little about it. I think we all contributed.

I became chairman of the executive committee in later years.

MR. HALLEY. When did you become chairman of the executive committee?

MR. LEVY. Well, I can't give you the exact year. I wanted to get my records, as I discussed with you. But I would say within a few years after the inception of the track.

MR. HALLEY. But 1942 or 1943?

MR. LEVY. No, I don't think by 1942 or 1943, Mr. Halley. I think it was a little later than that.

MR. HALLEY. When did you begin to take an active part in the management?

MR. LEVY. Well, active part in the management; I think we all took more or less an active part in the management practically at all times. But I spent much more time at the track, I would say, after the dissolution of the law firm of Littleton & Levy; I think that was in 1942. I think I became chairman of the executive committee probably around 1945, 1946; somewhere in there.

MR. HALLEY. But even prior to that you had had a good deal to do with the running of the track?

MR. LEVY. Oh, yes; yes. As a matter of fact, I considered it my baby. I promoted the thing; I had worked on the thing. And I don't mind telling you, when we needed money, there were loans put up by us fellows. We put up \$30,000 on one occasion in 1942.

Remember, the war was on. Dim-out restrictions were on; and, under the orders of Chairman Downing, of the commission, we had to close 30 minutes before the so-called meridian line of darkness.

That was fixed by General Drum over here, I think—not in Staten Island—one of these places around here, anyhow.

So, if he fixed 8:15 as a meridian line of darkness, Chairman Downing insisted we close 30 minutes ahead of that time, with the result that, instead of operating in the night time in darkness, we attempted in 1942 to operate at 5:30 in the afternoon. It was fatal.

Mr. HALLEY. Was it about that time that you moved over to Yonkers?

Mr. LEVY. No; the following year. I will come to that.

Mr. HALLEY. How did that happen?

Mr. LEVY. Let me just finish.

Mr. HALLEY. Go right ahead.

Mr. LEVY. In 1942, I think it was a Wednesday or a Thursday, we were out of money; all of these fellows that I have indicated to you in whole or in part were making loans, \$5,000, \$3,000; the proposition looked completely dead. As a matter of fact, the journalists, the newspaper reporters, I think, had a contest whether we lasted a week or two or 6 days or what not.

In any event, I would try and give a pep talk, somewhat like a college coach: "It is bound to come, boys. We have a great sport, and the people will finally take hold of it."

And I think I was more or less regarded as a lunatic, to be frank with you, in trying to keep the thing together.

But, in any event, on a particular survey, we figured we needed 30,000 to last until the following Tuesday or Wednesday. That money was advanced. I took 10,000, Ballantine put up ten or fifteen thousand, and Reuben Smith took the rest.

Mr. HALLEY. That was in 1942?

Mr. LEVY. Yes, 1942.

We went over to Edward D. Thompson, chairman of the civilian defense, to change the meridian line of darkness to 30 minutes before we had to close, and he talked to General Drum, and they moved the hour up, the line of darkness was moved up 20 or 25 minutes.

That allowed us to start at 6:30 instead of 5:30. The net result of that was that instead of being in the red every single night, we would be in the black two or three hundred.

In any event, we were moving out of the red.

Mr. HALLEY. It wasn't a money-making proposition, at least through 1942; is that right?

Mr. LEVY. It was a definitely losing proposition, for much longer than that.

You asked me about 1943?

Mr. HALLEY. 1943.

Mr. LEVY. In 1943, due to the restrictions on the transportation of horses and other restrictions on passengers and trains, and what not, and New York City busses, Governor Dewey's secretary, a Mr. Hagerty, called the representatives of the tracks. When I say the tracks, at that time there were three different tracks, trotting tracks, operating in the State of New York. There was one at Saratoga, which was owned by one Frank Wiswall and Ellis Wiswall, and I think Harrison had an interest in it, and the Buffalo track, and one at Batavia, and our track, and we were called in and given an opportunity to conduct trotting in one place, one place only, and Yonkers was the suggested place, at Empire City.

Following conferences with Luke O'Brien, the general manager of Empire City, who said that if Empire was allowed to have the so-called combination meet to conduct itself, that the Hambletonian had to go with it—I didn't know Mr. Cane at that time, and that is when I first met Mr. Cane, who had the Hambletonian at Goshen—well, finally arrangements were made between Cane and the others to have the Hambletonian there, and for the other tracks to operate the meet at Yonkers. That was in the daytime. It could not go in the nighttime—for approximately 30 days, Mr. Halley.

Mr. HALLEY. And your track joined in that?

Mr. LEVY. We did.

Mr. HALLEY. Did you have anything to do specifically with the operation yourself?

Mr. LEVY. Well, not directly with the operation of the track. I was there very often.

J. Alfred Ballantine, our general manager, was the keyman in the combined meet in 1943.

Under the written articles there, Mr. Harriman had his man, Ellis Gilmore, proposedly as the manager, and Dunnigan had a young Jimmy Dunnigan, and, as I say, the actual operation was conducted by Ballantine.

Mr. HALLEY. Was there anybody who had supervision over all three associations, any general arbiter?

Mr. LEVY. You mean in this particular meet?

Mr. HALLEY. Yes.

Mr. LEVY. I think probably everybody deferred to Valentine, on the theory that he knew more about it than anybody else.

Mr. HALLEY. Did the commission have much to do with it, the harness commission?

Mr. LEVY. Yes. Mr. Downing, the chairman of the commission, was there every day, I think.

Mr. HALLEY. Who were the other persons on the commission who were active at that time?

Mr. LEVY. At that time, I am not sure. You see, Mr. Gerry resigned when he went into service, and that left two members of the commission, a Mr. Newton, from Buffalo, and Ben Downey, from Nassau County, and then—

Mr. HALLEY. What was Mr. Newton's full name?

Mr. LEVY. Jacob Newton. He was a banker and farmer up around Buffalo, and the way they worked that, he more or less supervised the track in his particular neck of the woods, and Downing took care of his, and the middleman, I think, took care of Batavia and Saratoga.

I am not sure whether at that time—I think Mr. Henry James was a commissioner, Henry James, of Hudson, N. Y., who is a banker and newspaper publisher. He, at the present time, is the commissioner.

I think he was then, but I am not sure whether Mr. Newton, in 1943—I think Mr. Newton was the commissioner then, too.

I think the three commissioners were active.

Financially speaking, the net result was, in the actual operation for the whole four tracks—I think there was about 3,000 profit.

Mr. HALLEY. Who owned the track at that time?

Mr. LEVY. The Butler family.

Mr. HALLEY. Who were they?

Mr. LEVY. Well, all I know, James Butler and his mother and members of the family—I don't know who they are.

Mr. HALLEY. Who represented them in the operation?

Mr. LEVY. They weren't represented in the operation. They were in no way interested in the operation.

Following Mr. Haggerty's request, they agreed to let us use the property. I think there was a requirement of some small donation to charity, but that really amounted to the rent, and it was very, very small. So that the rent was small, and a few thousand was the operating profit.

But the net situation over the country was—because we had a lease for Roosevelt Field—the net result of that operation was that we owed our rent at the end of 1943, and a little had accumulated from 1942, so I think we entered the year 1944 owing about \$85,000, outside of what we owed to our own individual stockholders, with the \$200,000, originally, pretty well absorbed.

Mr. HALLEY. Where did you go from 1944?

Mr. LEVY. We came back to our own grounds.

Mr. HALLEY. Who operated on your grounds? What company?

Mr. LEVY. In 1944—take the following year—Old County Trotting Association was the only trotting operator of the pari-mutuel track at Roosevelt Raceway. We were the only operator that year.

Mr. HALLEY. When did the Nassau Association come back in?

Mr. LEVY. Well, it hadn't been in up to now. It wasn't a question of coming back in.

In 1945, the Cedar Point Trotting Association was formed, led by a man named Andrew West, a contractor.

He had been going to the commission for a year before that, making applications for a license to trot, more in letter form than officially, and he had a little piece of property down near the Cedarhurst depot, around 26 or 28 acres, wholly inadequate for a trotting tract. But he was constantly a little in our hair, making these applications and what not, and the commission had ruled that we had to have two separate meets at our track, one in the spring and one in the fall, so we were close in the center part, and we arranged with Weston to take a lease on the property, and that was when Weston Cedar Point Trotting Association came into existence, in 1945; and he operated for 24 nights in the midseason of 1945.

Mr. HALLEY. Now, would you trace out the history of the trotting at Roosevelt from there on?

Mr. LEVY. Well, the following year the Nassau Trotting Association came into existence. It came into existence, and Weston was an elderly man, not feeling too well, and he indicated he wanted to follow spring meets, in which he was interested, and he was given a later date, on our normal season, and the sale of the assets of Cedar Point was made then to the Nassau Trotting Association in 1946. That was when the Nassau Association was formed.

Mr. HALLEY. And Nassau had continued to operate at Roosevelt Raceway ever since?

Mr. LEVY. That's right, as a tenant of Old Country.

Mr. HALLEY. And you are chairman of the executive committee of Nassau?

Mr. LEVY. No, I am president.

Mr. HALLEY. When did you become president?

Mr. LEVY. I became president as a result of some action in the year 1949.

Mr. HALLEY. Prior to that you had been chairman of the executive committee?

Mr. LEVY. I had never held any official position in the Nassau Trotting Association until I, as a compromise candidate, you might call me, became president in October or November of 1949.

Mr. HALLEY. Which one of the companies were you chairman of?

Mr. LEVY. The Old Country, the first, the pioneer association. I was chairman of that executive committee from 1945 or 1946 on. I may be mistaken about that. I am not sure.

Mr. HALLEY. In your capacity as chairman of the one company, did you also purport to direct the operation of the other?

Mr. LEVY. Well, I wouldn't say I purported to. Under the conditions of the lease—I don't want to take too much time—but we, as the landlord, figured a tenant corporation coming in, we wanted to have some supervision of their activities, because if anything happened wrong in there, it would seem that it would be blamed or attributed to us, and we had at this time a considerable investment, so, under the provision of the lease, we controlled certain elements of their operations, such as their labor relations; that they had to accept our union contracts. I mean that we had made different contracts for different trades and classification of labor.

They had to follow whatever parking arrangements were made. They had to contribute to our advertising company, with an opportunity to go over the budget. In other words, strict matter of operation. On purses, we reserved the right to be the sole dictator of the purses, but with the limitation that they would not be apt to pay any more than we had paid in purses.

Mr. HALLEY. Had Old County Trotting Association been, in effect, in control of the property since the inception?

Mr. LEVY. Yes.

Mr. HALLEY. As the owner of the track?

Mr. LEVY. First as the tenant and then as the owner.

Mr. HALLEY. And would have control over such questions as the policing of the track and the permission of bookies to operate there, and such?

Mr. LEVY. Yes, in a way, except when Nassau was operating. During that period of time, if they recommended any changes of policing or what not, nobody would have the slightest objection. But I would say usually—I don't recall any instance of a variation—they took our racing secretary, they took our publicity department, our parimutuel crew, our admission crew, and our police crew. So we went right along. Say we stopped on a Saturday. They walked in on Monday, and the same crew that worked for us worked for them.

Mr. HALLEY. It is the same operation as far as the public would see it; is that right?

Mr. LEVY. That's right, except for the official monetary interests, which was a different one. For all outward purposes, it would be the same operation; that's right.

Mr. HALLEY. Did a time come in 1946 when you had difficulty because the track was plagued with bookies?

Mr. LEVY. We certainly did. Do you want me to narrate it?

Mr. HALLEY. Would you like to narrate it in your own way? Go ahead.

Mr. LEVY. I will respond to your questions or narrate it, whichever you say.

Mr. HALLEY. I will ask questions, but if you would like to tell it in narrative form, you may.

Mr. LEVY. I think I know the instance you referred to.

Mr. HALLEY. Go right ahead.

Mr. LEVY. All right. In 1946, we had a police department, I would say—a private police department—of 75 men, roughly. It was headed by one Felix De Martini. De Martini had been, I think, a sergeant-lieutenant in the New York Police Department for many, many years.

Senator TOBEY. Did that “De” stand for “dry”—Martini?

Mr. LEVY. I don't know, Senator. I think it's “P,” anyhow, Senator.

And he had been, as I say, a sergeant-lieutenant in the New York City Police Department, and he had retired—no charges, or anything of that kind. I think any investigation will show he had a splendid record, and worked in his private detective agency for many years for the district attorneys of Nassau County, Suffolk County, upstate counties, and a great many other counties, I think, including Kings County. He was the man in charge of our private police department which had some men out of the Pinkerton service, retired cops, and so forth and so on.

Mr. HALLEY. How long had he been there?

Mr. LEVY. He had been there ever since we started; I would say he may have come a year later, but almost from the inception of the track.

Mr. HALLEY. That would be 1940 or 1941?

Mr. LEVY. 1940; I think he came in then. Whether or not he had much of a police department in 1940, when things were bad financially, I doubt. But certainly from 1942 on, I believe Felix De Martini was there, and maybe in 1941.

Well, in any event, he has the 75 men working for him. Now, the commission is represented by the State steward and by Chairman Benjamin Downing of the commission. He was chairman of the New York State Harness Racing Commission.

Mr. HALLEY. Who was the State steward?

Mr. LEVY. The State steward at that time—Doc Wade has been there the last 3 or 4 years—I think it was Dr. Pierce.

Mr. HALLEY. What was his full name, do you remember?

Mr. LEVY. Dr. Walter Pierce I think was the State steward at that time, and Dr. Pierce comes from Massachusetts, and the last 4 or 5 or 6 years he has been handling the Saratoga track and the Buffalo track. He hasn't been down to our track, I think, in the last 4 years.

Mr. HALLEY. How long has he been at your track?

Mr. LEVY. Pierce, I think, was there the last couple of years and then he was assigned to other tracks, as they came into existence. We pioneered this thing.

Mr. HALLEY. Go right ahead.

Mr. LEVY. Now, as I say, in 1946 a crew of about 75 men, and the commission had another dozen sponsors, or 8, 10, or 12—I don't know. Those sponsors are supposed to report the existence of touts, and gamblers, and what not, inspect the barns, the horses, the grooms, and

what not—in other words, to observe regularity and decency in a track as well as it can be conducted.

They in no way reported to management—these inspectors. They reported to Chairman Downing.

Now, there came a time—I came out of the hospital in 1946 and shortly thereafter, when I got over to the track, Chairman Downing was at me almost every minute, "These bookmakers must be eliminated. We are not going to stand for them."

"Well," I says, "Commissioner, where are they? Where did you get the report? Let's send for De Martini."

He says, "Well, I don't mean this in injustice to De Martini," but he apparently suspected that De Martini was in league or in cahoots with the gamblers, whoever they were, and I said, "I can't believe that. This man is a very honorable fellow and I just don't believe it exists."

Mr. HALLEY. Is that your view, in addition to what you told the commissioner?

Mr. LEVY. Yes.

Mr. HALLEY. Is that your personal view?

Mr. LEVY. Very definitely.

Mr. HALLEY. That you wouldn't believe that your private police force could be in cahoots with the gamblers?

Mr. LEVY. I wouldn't say that none of them were, Mr. Halley. I am not going to say that. I don't believe the man at the head was in any conceivable way.

Mr. HALLEY. You wouldn't believe that it could possibly be their policy to be in cahoots with the gamblers?

Mr. LEVY. Well, are you speaking of the majority or a minority or what? It might very well be that a few of those policemen were in cahoots.

Mr. HALLEY. I am talking about the official police of the police force.

Mr. LEVY. In my opinion, definitely not in cahoots—any official police.

Mr. HALLEY. And that would be the orders from the management?

Mr. LEVY. Very definitely.

Mr. HALLEY. To keep——

Mr. LEVY. It was to the interest of every pari-mutuel track to keep every gambler away.

Mr. HALLEY. To keep every bookie out?

Mr. LEVY. Certainly. The minute a bookie goes in and he takes any business, he hits our pocketbook, hits our morale. There is the danger of corruption of the horsemen. Any pari-mutuel manager that doesn't want to keep bookies out should be sent to a lunatic asylum.

Mr. HALLEY. Have you ever taken the position that bookies should be allowed in?

Mr. LEVY. Allowed in?

Mr. HALLEY. To the track?

Mr. LEVY. I never have.

Mr. HALLEY. To any track?

Mr. LEVY. You mean to operate and do business?

Mr. HALLEY. Yes.

Mr. LEVY. Never.

Mr. HALLEY. To any track that you ever had anything to do with?

Mr. LEVY. Never, at any time.

Mr. HALLEY. Go right ahead.

Mr. LEVY. In the course, then, of this conversation, Chairman Downing is convinced that we are infested with bookmakers, and it is almost a phobia with him. Every night, every second, or every third night, and I had to get De Martini and he says, "Where are they? We can't find them." There were about a dozen complaints at least, on the part of the commissioner, that our place was infested with bookies. Finally one night we were at the track and Chairman Downing this night was beside himself with rage, and he got me—he was talking to Littleton, my old law partner, who came on from Chicago to visit me at the time—he was talking to him and he sent for me.

He says, as far as I can quote him, "George, these bookmakers have got to stop. If it doesn't stop," he says, "I'm going to take your license away."

"Well," I says, "Ben, your inspectors keep telling you that our place is saturated with bookmakers. Why don't they make an arrest?"

He said, "They haven't any such powers." He said, "You know what the law is." And there is an isolated provision in the racing board which Chairman Downing loved to harp on, to the effect that a track was authorized to hire private policemen, I think not less than five, or something of that kind, and they were authorized to preserve order, eliminate bookies, and they had the same powers as the old, ancient constables had under the constitution—I mean the State of New York.

He said, "It's up to your private police department and management to protect it and preserve it."

So I said, "What about the State of New York? They get the revenue out of this; they have the State troopers and what not," and he said, "That's not their function at all."

"Well," I says, "we are paying out this kind of money"—I have forgotten what it was, because we have paid out since our inception almost \$700,000 to police our track, almost \$700,000, right up to date on that figure, and what the 1946 figure was, I have it here and I can give it to you when I look for any papers that you may want, and I said, "What can we do?"

He says, "I don't care what you do. It's got to stop or I am revoking your license."

This talk goes on, and Littleton gets into this dispute until, I should say, 1:30 or 2 o'clock in the morning.

Mr. HALLEY. It was your view that there were no bookies on the track?

Mr. LEVY. I beg your pardon?

Mr. HALLEY. It was your view that the track was not being troubled by bookies?

Mr. LEVY. It was my view that no large bookies were there, Mr. Halley; that if there were some isolated "barbers" coming in—I mean handling a little business or something of that kind—that our police were competent or capable of handling that thing. But there were no organized, large bookies at our track. That was definitely my view.

Chairman Downing was of an entirely different view.

Mr. HALLEY. Now, Chairman Downing, he is deceased; is that right?

Mr. LEVY. He is deceased, but his widow is still living, and I will come to that in a moment. She knows the entire story, Mr. Halley, because she drove him to the track that night. She drove him to my office the next morning. I have since asked her, and she knows the entire story, except he didn't tell her the name of the man I hired, but said "some racketeer." Do you follow me?

So Commissioner Downing's widow knows the entire story that he gave her, so we will get to the story very quickly. So we know what she is supposed to know.

Mr. HALLEY. Go right ahead.

Mr. LEVY. So, as I say, we argued and debated till the wee hours of the morning and then postponed it till the following morning. I came to the office, I would say, around 10:30—I have a law office in Mineola which is roughly 2 miles from the track.

Chairman Downing came over to the office, and I had gotten to the office early and checked the law to see what his powers were on this threat of revocation, frankly. To my surprise, I found they were enormous. Legal evidence was not necessary at all on a revocation, which meant hearsay, rumor, or what not. Five days' notice was all that was required.

Chairman Downing knew that he had warned us time and time again and I figured the inspectors would take the stand and they would say the place is infested with bookmakers, and our police department would take the stand and say they can't find them, and that isn't much of a defense, and under the rules pertaining to revocation it looked to me as if our license was 95 percent gone if he carried through his threat to revoke it.

So we sat down with it and again went over all the different phases.

"What do you want us to do? What can we do?" We had spent 5 years of struggle and strife in this field, and here we are in jeopardy.

"Well," he says, "I don't care what you do. You have got to keep the bookmakers out of this place."

Mr. HALLEY. Now, that was in the summer of 1946?

Mr. LEVY. This was in 1946, sir, that's right. I don't recall whether it was the end of our spring meet or the beginning of our fall meet, but it was definitely in 1946.

Now, then, Littleton, my former partner, had been district attorney in Nassau County, and Mr. Downing had been president of the grand jury association and foreman of the grand jury, oh, any number of times. So they get into the question, "How do district attorneys get evidence? How do they get convictions and indictments in matters of gambling and what not?" And Littleton, who had been in charges of vice in Nassau County as assistant district attorney, went into how they hired stooges and men of that type and what not, because the police finally were known to the gamblers and lost their usefulness after a reasonable period of time, and he suggested—he and Littleton finally got off on the undercover men and men of that type, and I listened for probably a half hour to this general debate.

I said, "I don't think that would do any good. In the first place, who is going to select all these undercover men? Who are they going to report to? They may cause more trouble than we got at the present time, Commissioner."

Mr. HALLEY. Don't most tracks use the Pinkertons?

Mr. LEVY. Oh, I forgot that. I suggested that to Commissioner Downing. It wouldn't be fair to the Pinkerton agency for me to tell you what he thought of it. We had them in 1943 in Yonkers. So I would rather not be directed to give his opinion of Pinkerton. But he didn't want them, wouldn't have them.

Mr. HALLEY. You did suggest the Pinkertons?

Mr. LEVY. I certainly did. I suggested anything, Mr. Halley.

Mr. HALLEY. And what did Commissioner Downing say?

Mr. LEVY. No; he didn't want the Pinkertons, definitely. He cited the experience in Yonkers in 1943 when we did have them, and he went into that experience in Yonkers in 1943.

Mr. HALLEY. What was the experience in Yonkers in 1943?

Mr. LEVY. Well, he thought there were bookmakers up there, and frankly I don't know whether it was right or wrong, and I don't like to injure a very well-known detective agency, but he thought they were in cahoots with the gamblers.

Mr. HALLEY. And what did you think?

Mr. LEVY. Well, I frankly knew very little about them. They were all strangers to me. But I doubted it. I didn't see where he had much evidence, frankly, to support his suspicion.

Mr. HALLEY. Did you feel that the Pinkertons did let gamblers into the track?

Mr. LEVY. Well, it was so few customers that we had there, I can't imagine any gamblers, frankly, wanting to come up there. The handle was so ridiculously small.

Mr. HALLEY. In 1943 you did not oppose the Pinkertons?

Mr. LEVY. Oh, no.

Mr. HALLEY. Is that right?

Mr. LEVY. I never opposed the Pinkertons. I mean, I don't subscribe to his ideas of the Pinkertons any more than I subscribed to his conclusion on Felix De Martini down at our track.

Mr. HALLEY. He never told Downing—you didn't tell Downing at any time you didn't want the Pinkertons around?

Mr. LEVY. Well, when it came to the subject of Pinkertons it was more diplomatic to listen to the commissioner, Mr. Halley.

Mr. HALLEY. Please answer the question. Did you ever tell the commissioner that you didn't want the Pinkertons?

Mr. LEVY. I did not.

Mr. HALLEY. Or did you ever tell that to anyone else?

Mr. LEVY. No. I may have told some of our directors, or what not, that we couldn't have the Pinkertons on account of Commissioner Downing's opinions or conclusions, but never as far as I am concerned.

Mr. HALLEY. If you told anybody you couldn't have the Pinkertons, the reason would be that Commissioner Downing felt that they were letting bookies onto the track?

Mr. LEVY. That's right. We couldn't have them anyhow. He just wouldn't have the Pinkertons. From 1943 on he had a phobia against the Pinkertons.

Mr. HALLEY. You personally had no objection to the Pinkertons?

Mr. LEVY. I had no objection to Pinkertons at all. I mean, I know nothing about them except the short experience in Yonkers. I was only there approximately 2 or 3 days.

Mr. HALLEY. First let us take your experience in Yonkers. During the Yonkers meet, or during the year 1943, when you were operating in Yonkers, did you have any objection to the Pinkertons?

Mr. LEVY. I personally, no.

Mr. HALLEY. And you never expressed any objection to anyone?

Mr. LEVY. Well, again I repeat that it may be in talking to some of our men who said, "Why not have Pinkertons?" I might have said, "No; Chairman Downing won't have them." That might have been said. I don't recall.

Mr. HALLEY. But you certainly expressed no objection of your own to the Pinkertons?

Mr. LEVY. No. I knew very little about them, sir.

Mr. HALLEY. And you had no personal objection to them?

Mr. LEVY. Not at all; no personal objection on my part except a reflected objection to the commissioner, that I knew he wouldn't have them.

Mr. HALLEY. But despite the fact that he didn't like them in 1943, you again suggested them in 1946?

Mr. LEVY. I was suggesting anything, Mr. Halley. I was trying to work out a solution to a man threatening to revoke our license.

Mr. HALLEY. Anything he stated would be all right with you?

Mr. LEVY. Anything that would appease him would have satisfied me. The devil would have suited me.

Mr. HALLEY. What happened next?

Mr. LEVY. All right. So that we get in the next morning at my office. I had gotten to the point where Littleton had made the suggestion to use undercover men, and what not, and I said, "I don't think that would do any good," and I am trying to get a solution that might appease him.

I said, "I don't know, but there is a man that has a reputation of having influence with gamblers, and that man is Frank Costello. Whether he will take it or not, he is the only man I know that has that reputation. Now, will that be satisfactory to you, Commissioner?"

Well, the name—he had heard of Costello, he had read about him, apparently, and he says, "Why, I think that would be a good idea. I think that is fine."

I said, "All right; I will meet him and see if I can get him."

He said, "Now, wait a minute. Who is going to pay him?"

"Well," I says, "that's kind of incidental."

He said, "I don't want the organization to pay him. I don't think that's fair."

I said, "Commissioner Downing"—and I might say here at this time, I personally have a contract with Old Country Trotting Association wherein I receive 10 percent of the profits before taxes, as a consideration of all the promotional work and working for free for a long time until it was in a prosperous condition, ratified by the stockholders and so forth.

I says, "Commissioner Downing, if you are right, and I don't think you are, but if you are right that we are being infested with book-makers, then my personal income is grievously affected, and I will be very happy to pay him, and I will pay him by check, too."

He says, "Oh, yes. I want you to pay him by check. I don't want any irregularities at all."

I says, "All right."

I saw Costello within a day or two after that—

Mr. HALLEY. Before you go ahead with this discussion of Mr. Costello, Mr. Littleton was present at that time, was he not?

Mr. LEVY. Mr. Littleton was present—I might say, Mr. Halley, he is in New York at the present time and would be very glad to appear before your commission. I can give you his telephone number. He is staying with our president, Robert Johnson, in an establishment here.

Mr. HALLEY. I have his statement here, and if it is necessary to get him and if you feel that it is necessary to have his testimony in connection with yours, you may make the suggestion to the committee. At this point it may not be necessary.

Mr. LEVY. Well, I say that the committee is here and he is available for you if you want him.

Mr. HALLEY. Well, it is a question whether his testimony would add anything.

Mr. LEVY. Well, if you want my opinion, I think it would, and I would be glad to have him, but it may be—I don't want to direct you, I know you have got an awful lot of work to do—

Mr. HALLEY. Why don't you wait until you are finished and see if we need it?

Mr. LEVY. All right, perfectly O. K. Pardon the interruption. Now, as I again said—

Mr. HALLEY. I was asking a question. May I go ahead?

Mr. LEVY. Pardon me.

Mr. HALLEY. Mr. Littleton did make a statement in writing, and he tells a story approximately the way you do, but he points out that at the outset Downing did not know who Costello was exactly, and you explained to him. I will read the statement:

Downing wanted to know who it was he referred to, and Levy told him Frank Costello. At that time Costello had not achieved the notoriety he now has. I am not sure Downing knew at that time fully who Costello was until George Levy told him he was a reputed bookmaker and he could bring influence to bear on the bookmakers to keep them off the track.

Is that right?

Mr. LEVY. Well, I don't recall that he didn't know him. It seemed to me when I mentioned the name that he had heard of him, I mean by reputation. My recollection on the point is not exactly the same as Mr. Littleton's. It may be that I explained who he was. I mean, I don't recall. But in any event, whether I explained it or I didn't explain it, I mean, he soon knew who Costello was and recognized he had read about him or heard about him in some way.

Mr. HALLEY. Well, there had been a very widely advertised proceeding in connection with the nomination of Judge Aurelio for the supreme court in New York in 1943, had there not?

Mr. LEVY. Was that as far back as '43? The Aurelio thing certainly was well publicized. I don't recall the date.

Mr. HALLEY. Yes, 1943. And certainly by 1946 Costello's name was pretty widely known in New York, was it not?

Mr. LEVY. Well, I thought so, Mr. Halley; yes, as I say, and I thought he knew it, too.

Mr. HALLEY. Hadn't Mayor LaGuardia been issuing press statements about Costello year in and year out during his term of office as mayor?

Mr. LEVY. I think almost annually he would issue a statement that he was a bum, or a tinhorn, or something of that kind.

Senator TOBEY. That wasn't an exaggerated statement, was it?

Mr. LEVY. I don't know. I am not here to debate it, sir.

Mr. HALLEY. Well, you had known Frank Costello personally for many years, had you not?

Mr. LEVY. Yes, I had. That is the reason I mentioned his name. He is the only one having that type of reputation that I knew.

Mr. HALLEY. What type of reputation?

Mr. LEVY. Well, as I have stated, he had a reputation of having influence with gamblers.

Mr. HALLEY. But you knew him well enough to know whether he had influence?

Mr. LEVY. I had nothing of the kind. I never was his confidant. Let us understand it. I never handled his business arrangements; I don't know what his income was, its source, legitimate or illegitimate or anything about it.

Mr. HALLEY. How often did you play golf with him?

Mr. LEVY. I played golf with him many times.

Mr. HALLEY. Two and three times a week?

Mr. LEVY. I wouldn't say that often. I probably played golf with him a hundred times.

Mr. HALLEY. Over a period of years?

Mr. LEVY. Over a period of years.

Mr. HALLEY. Was it two or three times a week, would you estimate?

Mr. LEVY. It might have been for a short period, a month, I might have played two or three times a week with him. He certainly didn't discuss his business with me on the golf course.

Mr. HALLEY. And you knew him for a great many years?

Mr. LEVY. I had known him for 20 or 25 years; that's right.

Mr. HALLEY. Now, Frank Costello has mentioned and vigorously maintained that, whatever reputation he has, it is not deserved; isn't that a fact?

Mr. LEVY. Well, I know that he has maintained it. He has maintained it to me. I don't know whether it is deserved or it isn't deserved. As far as that's concerned, I will say this: he got a nine on a golf hole. He certainly said he had a nine. I have had other opponents, I mean, with little breaches of recollection.

Mr. HALLEY. I am talking about any reputation he may have had as a man with great influence over the underworld.

Mr. LEVY. Well, he claimed to me, Mr. Halley, that his reputation has been given to him by newspapers, magazines; a most unfair thing in the world. And I know nothing personally, I mean, to differ.

When I suggested him to Commissioner Downing, I suggested him on the basis of his reputation, not on the basis of anything I knew personally at all.

Mr. HALLEY. But you knew Frank Costello; he was your friend, was he not?

Mr. LEVY. Yes; he was my friend.

Mr. HALLEY. Did you not believe him when he told you that he personally had no influence?

Mr. LEVY. Many times I believed him, and many times I doubted it.

Mr. HALLEY. What was your opinion when he told you that he had no influence with bookmakers?

Mr. LEVY. Frankly, I don't know whether he had or he did not.

Senator O'CONNOR. In Mr. Littleton's statement which was read to you, and which you didn't respond to one portion of, Mr. Littleton quoted you as having said to Mr. Downing that Costello did have influence with the bookmakers. Did you make that statement?

Mr. LEVY. I did not. I said he had the reputation of having influence with them. Anything I knew Mr. Costello, I mean, in the off, was or is completely the result of reputation of stories read.

Mr. HALLEY. May I add this, Mr. Levy: Mr. Littleton said, and his memory may not have been inaccurate, but he said that "I am not sure Downing knew at the time fully who Costello was until George Levy told him he was a reputed bookmaker." Did you say that?

Mr. LEVY. I don't think I said that. I think I said very definitely that he has the reputation of having influence with gamblers. That is my definite recollection in regard to what I said.

Mr. HALLEY. But were you deceiving Mr. Downing? That is important. Were you deceiving Mr. Downing?

Mr. LEVY. I certainly was not. If I am deceiving Mr. Downing, I would say you gentlemen are deceiving the world.

Mr. HALLEY. Well, if you were not deceiving Mr. Downing, you must have disbelieved Frank Costello when he said he had no associations with bookmakers and didn't know them?

Mr. LEVY. Mr. Halley, I made the statement that he had the reputation of being influential with gamblers. I still say the same thing. That statement was definitely true.

Mr. HALLEY. Is it your opinion that he was influential with gamblers?

Mr. LEVY. That is a very hard thing to answer, because I don't know. I only know, based, if the newspaper reports are accurate, he must have had influence with them: If they are not accurate, you are asking me for the operation of a mental condition.

Mr. HALLEY. Here is a man you knew very well, your close friend; is that not right?

Mr. LEVY. Not a close friend; no.

Mr. HALLEY. Your golfing companion?

Mr. LEVY. Yes; on many occasions.

Mr. HALLEY. The man you spoke to very often?

Mr. LEVY. Well, on the golf courses and a few other times in between; yes.

Mr. HALLEY. A man with whom you had any business?

Mr. LEVY. The only business I ever had with Costello, I think, about 15 or 18 years ago he had an income-tax matter in Washington; and I think I went up there and saw some representative of some bureau. And then 4 or 5 years ago he bought a home in Nassau County, and the contractor sent in to our Mineola office, and I think one of our men had the title company make the search.

So, outside of those two instances, I don't recall ever having done any business with him or known anything about his business.

Mr. HALLEY. Did you ever discuss business matters with him except for the two instances you have mentioned?

Mr. LEVY. Business matters—I don't recall ever having discussed any business matters with him at all.

Mr. HALLEY. He never told you his business?

Mr. LEVY. He did not.

Mr. HALLEY. Did you ever tell him yours?

Mr. LEVY. Well, I guess he knew mine. He knew I was a lawyer practicing law and interested in this trotting track.

Mr. HALLEY. Well, did you ever tell him the details of your business?

Mr. LEVY. I did not.

Mr. HALLEY. Never?

Mr. LEVY. No.

Mr. HALLEY. You weren't on a basis with Costello that you would tell him the details of your business?

Mr. LEVY. Well, I have got many close friends that I don't tell the details of my business to.

Mr. HALLEY. Please answer the question.

Mr. LEVY. I am answering it.

Mr. HALLEY. No; you have not.

I will ask the stenographer to repeat it.

(Question read as follows: "You weren't on a basis with Costello that you would tell him the details of your business?")

Mr. LEVY. That's right.

Mr. HALLEY. You were not?

Mr. LEVY. No.

Mr. HALLEY. Had you ever asked his advice about how to run the Roosevelt Raceway?

Mr. LEVY. His advice?

Mr. HALLEY. Yes.

Mr. LEVY. I don't think so. I don't know what advice he could have given on how to operate the Roosevelt Raceway.

Mr. HALLEY. Did you ever ask his advice about the raceway?

Mr. LEVY. I don't recall ever asking it.

Mr. HALLEY. Or about any other race tracks you ever had any connection with?

Mr. LEVY. I don't recall ever asking him for any advice.

Mr. HALLEY. You say you ran races at Roosevelt and I think you said at Yonkers; is that right?

Mr. LEVY. That's right.

Mr. HALLEY. Did you ever ask his advice about Yonkers?

Mr. LEVY. No.

Mr. HALLEY. Or about any other race track?

Mr. LEVY. None that I can recall.

Mr. HALLEY. Your association with Costello, then, was purely and simply that you would play golf together?

Mr. LEVY. Play golf; I dined with him, too.

Mr. HALLEY. But on a purely social basis.

Mr. LEVY. I think following a golf game I may have dined with him several times.

Mr. HALLEY. Did you ever ask his aid in connection with the running of the track?

Mr. LEVY. No.

Mr. HALLEY. At no time?

Mr. LEVY. No; except on this one point that I have referred to.

Mr. HALLEY. And when was that?

Mr. LEVY. That was in 1946, following the talk with Commissioner Downing.

Mr. HALLEY. That was the first time you ever brought Frank Costello into the affairs of the Roosevelt Raceway?

Mr. LEVY. That's right.

Mr. HALLEY. Or any other race track with which you were connected?

Mr. LEVY. That's right.

Mr. HALLEY. You never prior to that had any relationship with Frank Costello concerning any race track?

Mr. LEVY. That's right.

Mr. HALLEY. You never sought his advice on how to handle your race-track business?

Mr. LEVY. That's right.

Mr. HALLEY. And you never sought his aid?

Mr. LEVY. That's right.

Mr. HALLEY. On this occasion, then, you saw fit to disbelieve Frank Costello's statements that he had no influence with bookmakers; is that right?

Mr. LEVY. I didn't see fit to disbelieve it or to believe it, Mr. Halley. You asked a very difficult question. His reputation is along one line.

I suggested a name to the chairman of the commission, who was threatening to take away our license, and that seems to be a solution, and I am delighted it is a solution without going into any mind-reading operations in connection with it.

Now, the only question is, Can I get the fellow to promise to do some work?

Mr. HALLEY. You knew Frank Erickson, too, did you not?

Mr. LEVY. Yes; I represented him. Before you turn to the next thing——

Mr. HALLEY. No; we are not going to turn to another thing. But go ahead and make a statement.

Mr. LEVY. No. All I want to add to it is that Chairman Downing is dead. He has been dead since, I think, well, 2 or 3 years ago. But his widow is alive. She lives in Munsey Park, Manhasset, and her telephone number is Manhasset 7-0581. I don't know whether she would want to come down here or not. But certainly you can contact her with my full approval because she has told me that he told her when he left my office the next morning the entire thing, how he was relieved, a solution had been arrived at, and, as he told her—he didn't mention Costello by name. He said, "Levy has hired some racketeer and is paying him himself to try and keep the bookmakers out."

Mr. HALLEY. I have no doubt there was such a conversation with Mr. Downing, so we can just stop worrying about getting corroborative witnesses.

Mr. LEVY. All right.

Mr. HALLEY. I am wondering why you sold Frank Costello to Downing, particularly in view of Mr. Littleton's written statement that he is not sure Downing knew who Costello was, so George Levy told him he was a reputed bookmaker and could bring influence to bear on bookmakers to keep them off the track.

Now, you know very well that Frank Costello maintains he is not a bookmaker and never was one; do you not?

Mr. LEVY. I assume that is true.

Mr. HALLEY. Do you know it of your own knowledge?

Mr. LEVY. No, I don't. I know he has told me. I said, "How can they write all these articles about you if something isn't true?"

He says, "I don't know. They take great delight in making these charges"; and he says, "I am not a bookmaker, a gambler." And he said, "I've only got some place in Louisiana."

Mr. HALLEY. You did know Frank Erickson?

Mr. LEVY. Yes.

Mr. HALLEY. But you didn't ask him to take on the job?

Mr. LEVY. Frank Erickson, in my opinion, has about as much influence as you might have.

Mr. HALLEY. He is a bookmaker.

Mr. LEVY. That's right.

Mr. HALLEY. By the way, I am told—not I, but this committee—that this committee has had a great deal of influence in keeping bookies off tracks in the last year, and I think I may have had a thing to do with it.

Mr. LEVY. Splendid. Keep up the good work.

Mr. HALLEY. I don't want to let that go by.

Now, getting back to Erickson, you say he would have no influence with other bookies?

Mr. LEVY. Not in my opinion. They would think he was trying to keep them away so that he could operate alone.

Mr. HALLEY. But they would trust Costello?

Mr. LEVY. I don't know whether they would or would not.

Mr. HALLEY. Is the point that they fear Costello?

Mr. LEVY. I don't know if they fear him, or love him, or what they do.

Mr. HALLEY. Take a guess.

Mr. LEVY. I was looking for a solution. Now, if his newspaper and magazine reputation was true, he had influence arising out of fear, arising out of love, or affection, or what not.

Mr. HALLEY. But a solution was that there was no definite agency or private police force that could accomplish this job; but Frank Costello could get the bookies off the track; is that right?

Mr. LEVY. That's not exactly true, either. I meant the fact is that Downing is of one fixed conviction, and I am of another. If he is right, our police force is doing a very bad job. If he is wrong, our police force might have been doing a splendid job, and his inspectors, whom our police department say were inexperienced men and couldn't recognize a bookmaker or a tout, or some improper character, and whenever they saw two or three people gather and hand money from the three to one other man, and if he went to a window, they thought that man was a bookmaker—according to our police. They attributed—DeMartini—the complaints of the inspectors to inexperience and inability to distinguish between what looked like bookmaking or gambling and what wasn't. So there you are.

You may have had a situation, if DeMartini was right, we had almost no gamblers at our track. If the inspectors and Chairman Downing was right, we had a great many of them there. So primarily, I am trying to settle something that appeases Chairman Downing so that he doesn't initiate a revocation proceeding. That is the first thing I had in mind.

Mr. HALLEY. What did you tell him to appease him? Apparently, he doesn't know very much about Costello.

Mr. LEVY. Now, you say that. My recollection is that when I mentioned Costello and the influence that he had from reputation, Chairman Downing recognized that and said, "I think he would be a good man." That's my recollection.

Mr. HALLEY. After you explained that he had influence with gamblers and racketeers—

Mr. LEVY. Frankly, I don't recall the necessity of explaining. I think he heard of him. Mr. Littleton apparently differs and thinks I explained it. Maybe I did.

Mr. HALLEY. Well, go ahead with the story and let's see what happened then.

Mr. LEVY. Well, the continuation of the situation is that within a day or two I went to Costello, told him the situation, what the commission thought, and the reasons for it; and I said, "I would like to hire you to try and help keep gamblers out of our track."

He outwardly says, "What can I do, if anything?"

Mr. HALLEY. What do you mean when you say he outwardly said it?

Mr. LEVY. Because so as to avoid a number of questions what the operation of his mind was. The words that he expressed to me—he didn't know what he could do.

Mr. HALLEY. You mean he winked when he said it?

Mr. LEVY. No, he didn't wink when he said it; no.

Do you want me to give the conversation or not?

Mr. HALLEY. When, where, and how did the conversation come about, and then let us have it?

Mr. LEVY. I called him within a day or two.

Mr. HALLEY. At his home?

Mr. LEVY. I assume so. I don't recall whether I met him at his home or at the Waldorf. In any event, I gave him the essence of the talk with Commissioner Downing. Then we would struggle on for 5 years here with a track that had been essentially losing money, and we had been beginning to get on our feet, and we got a threat of the revocation of this license, which meant everything to me. And I wanted to enlist his aid in keeping bookmakers or gamblers out of our track.

He said, "I don't know if I can do anything about it, and I will try to do the best I can."

I says, "I will want to pay you."

He says, "There is no necessity to pay. I will do what I can to help you."

I said, "I insist on paying for it."

Mr. HALLEY. Did you say this at the start, or at a later time?

Mr. LEVY. No. I told him I wanted to pay him in that very first interview.

Mr. HALLEY. Did you fix a rate?

Mr. LEVY. I did not. The rate wasn't fixed until the following year.

Now, then, following my talk with him, within 3 or 4 days, or I think almost promptly, I told Commissioner Downing I hired him and was going to pay him myself and pay him by check. Within a day or two after that, Commissioner Downing said, "Apparently he's doing pretty good work. Our inspectors are not making complaints."

What he did or didn't do I don't know. But the complaints started to disappear.

Mr. HALLEY. That, of course, bears on whether Downing was right or wrong in whether or not there were bookies at the track?

Mr. LEVY. That's true.

Mr. HALLEY. It looks as though there were bookies at the track; is that right?

Mr. LEVY. I don't know. I still feel if they were, Chairman Downing's inspectors have exaggerated tremendously.

Mr. HALLEY. But they stopped exaggerating the moment, or shortly after, you hired Costello?

Mr. LEVY. That's true.

Senator TOBEY. Mr. Witness, one question: Then, as I listen to the testimony, what the law, represented by the police, the legally constituted and regular authorities to keep these things right down there, could not do, Mr. Costello, with a consideration, could do and did do; is that right?

Mr. LEVY. If Chairman Downing was correct, that would be a reasonable inference.

Senator TOBEY. Well, the result of your errand was that he took the job and committed a fait accompli. He rid the track of the bookies?

Mr. LEVY. The track was rid of them.

Senator TOBEY. The interesting thing to me is that here is a man who isn't noted for being a leading exponent of law and order, and the legally constituted authorities were impotent, and then you go to this man who, by some mumbo-jumbo or strong-arm methods, puts them out of business; is that the picture?

Mr. LEVY. You are starting off with the premise they were there.

Senator TOBEY. You said they were there.

Mr. LEVY. I beg your pardon.

Senator TOBEY. You said the testimony of your associates was that they were there.

Mr. LEVY. You mean Commissioner Downing's opinion indicated they were there, and he had a fixed or an incorrect conclusion on that, or a phobia, one or the other.

Senator TOBEY. Now you testified they left.

Mr. LEVY. I haven't changed my testimony.

Senator TOBEY. But they had to be there in order to leave, didn't they?

Mr. LEVY. I spoke about some complaints, Senator. I said the complaints discontinued. Whether the bookmakers left or didn't leave, whether they were there or weren't there, I don't know. But I do know that the complaints which directly affected us discontinued, sir.

Senator TOBEY. That was cause and effect; wasn't it?

Mr. LEVY. You might be right.

Mr. HALLEY. Now, Mr. Levy, you had no further trouble with Mr. Downing's complaints during the remainder of 1946?

Mr. LEVY. No, never did from that time on.

Mr. HALLEY. And then, in 1947, did you ask Mr. Costello to continue his efforts?

Mr. LEVY. Yes. Well, I had said nothing to discontinue or cease it. I had asked him to do it, and I would pay him. I would say between

the time I first spoke to him and the time I paid him, in 1947, I had spoken to him four or five times. I wanted to get it settled.

Senator O'CONOR. Wasn't there any discussion of how much it would be?

Mr. LEVY. No.

Senator O'CONOR. Did he indicate what it was worth?

Mr. LEVY. No.

Senator O'CONOR. How much did you pay him?

Mr. LEVY. \$60,000, \$15,000 a year for 4 years.

Mr. HALLEY. What did he do? Did he ever tell you what he did?

Mr. LEVY. No.

Mr. HALLEY. Well, he had told the committee that he wandered around to a few bars and talked to some people, none of whom he can remember, and he says that all he said that if there were any bookies caught out at the track, they were going to get heavy sentences, and they had better be careful.

Does that sound like \$60,000 worth?

Mr. LEVY. When the laughter subsides, I will try to answer.

The CHAIRMAN. Let us have better order in the hearing room, and make no expressions one way or the other.

Mr. LEVY. We haven't gotten the continuation of the story up to the time it was paid.

Mr. HALLEY. Will you answer the question on the floor?

Mr. LEVY. I don't know whether he did \$60,000 or 60 cents' worth of work. He did, in my opinion, when his name was satisfactory to Commissioner Downing, and there was no revocation proceeding instituted. The mere hiring of the fellow was invaluable, in my opinion.

Mr. HALLEY. I thought Downing wanted that result—

Mr. LEVY. You are right, you are right. Downing wanted what you say. I wanted the same thing.

Mr. HALLEY. And if the bookies continued, you would have been in trouble with Downing?

Mr. LEVY. That's right.

Mr. HALLEY. All right, go ahead.

Mr. LEVY. When you say "Go ahead," do you mean—

Mr. HALLEY. You said you had not completed your narrative.

Mr. LEVY. I think the Senator asked me about the payments.

As I said, four or five times I spoke to him in regard to it, and he kept putting it off. He said he would take it up some other time.

Finally came 1947, and additional publicity, directed against Costello, hither, dither, and yon, and I wanted the question settled. I didn't want any large demands made against me, that I couldn't settle, and I wanted the matter settled, and I called him and I asked him if he could meet me down at my office in New York, at 149 Broadway. His lawyer's office was down on Wall Street, just a few blocks away, and we arranged to meet there.

I said, "Frank, I want to tell you what I owe you."

I said, "What do you think is a fair amount?"

He said, "I don't know, I don't know." He said, "You fix it."

Well, I said, "I would rather you fix it."

He said, "No; you fix it."

So I said, "Will \$15,000 a year be agreeable?" Two years had gone by, and he said, "That is more than agreeable." So I said, "I will give it to you now."

Mr. Wolf was present, his lawyer, and I wrote out a check for \$30,000 and I gave it to him.

The following year—all these payments were made by check, and I have those here. The entries on the stubs are here, and they are all available to the committee.

The following year, in 1948, he was paid the \$15,000 in two installments, the first and second half of \$7,500. The checks and the stubs show clearly what it was for.

The only time that he asked me for any money was in 1949. I was in Florida, I think in February or March of that year, and I ran into him.

He asked me if I intended to pay him for the year 1949, and I said that certainly I did. I had made a deal with him, and I said I would keep it.

He said, "Would you mind paying me now?"

I said, "Certainly," and I wrote out a check. That was the only nonnumbered check that wasn't right out of my office, you know, and I gave him \$15,000.

Senator O'CONNOR. In advance?

Mr. LEVY. That's right. In 1949 he was paid in advance, because the season didn't open until May, and he was paid in February or March; that's right.

Mr. HALLEY. For the record, there is no question that the payments were made and reported by Mr. Costello in his income-tax report?

Mr. LEVY. Yes.

Mr. HALLEY. The question is, What Mr. Costello did for them, and why they were made?

When did Commissioner Downing die?

Mr. LEVY. Some time in 1948.

Mr. HALLEY. Some time in 1948?

Mr. LEVY. That's right.

Mr. HALLEY. By that time, had you established that Mr. Costello was performing a continuing service with regard to bookies?

Mr. LEVY. You mean, with Mr. Downing?

Mr. HALLEY. No; with regard to yourself.

Mr. LEVY. Oh, yes. I figured, in 1947, when I arranged to pay him the \$30,000, I made a definite commitment to pay him \$15,000 a year.

Mr. HALLEY. Forever?

Mr. LEVY. Well, there was no time fixed. There was nothing in writing. I wouldn't say, "forever," and I wouldn't say whether we had 1 year or 2 years in mind. I mean, there was nothing said about it.

Mr. HALLEY. Did you pay him in 1950?

Mr. LEVY. No; I did not.

Mr. HALLEY. Why not?

Mr. LEVY. The reason for that is, in 19—I think the summer of '49, when the Treasury Department made its routine examination of '46 and '47, and these payments appeared that were made to Costello, the Treasury Department thought it was against public policy, or not a necessary and deductible item under the tax laws, and refused to make the allowance.

Mr. HALLEY. When was this?

Mr. LEVY. I would say that was around July or August of 1949. I had already paid him, you see, in February or March, which was

rather unfortunate in the light of that situation. He had already been paid. So from that time on, he has never been paid.

Mr. HALLEY. Has he continued to do the job, without pay?

Mr. LEVY. I haven't asked him to do anything further.

Mr. HALLEY. When did you last ask him to do anything for Roosevelt Raceway?

Mr. LEVY. Well, the last time I directly asked him to do anything was way back in 1946, sir.

Mr. HALLEY. But you kept on paying him without asking him to do any more for 4 years; is that right?

Mr. LEVY. I didn't ask him to do anything. He knew what I was paying him for.

Mr. HALLEY. Do you know whether he did anything?

Mr. LEVY. No; I don't.

Mr. HALLEY. You never asked him whether he did anything?

Mr. LEVY. When the results were—there weren't any complaints coming in, I was delighted.

Mr. HALLEY. You had no complaints after the time you talked to Costello?

Mr. LEVY. That is true.

Mr. HALLEY. From then on the track has been free of all bookie trouble?

Mr. LEVY. Well, it has been free of complaints from the Commissioner. We have had gamblers there; in 1950 we probably made 12 or 15 arrests; ejected maybe 30, 40 people. But had no trouble that our private police department couldn't cope with, if I could put it that way.

Mr. HALLEY. To what do you attribute Costello's ability to settle this thing?

Mr. LEVY. I don't know. I don't have any more idea than you have.

Mr. HALLEY. Apparently, he did accomplish something with the bookies; is that right?

Mr. LEVY. Well, again, we have to substitute the inference or conclusion that Chairman Downing was right, and we had him there. If our police department was right, they weren't there.

Mr. HALLEY. You wouldn't say it was pure coincidence that Chairman Downing felt that bookies had ceased to be a problem in a few days after Costello got on the job; could you?

Mr. LEVY. I don't know. It is hard to characterize the operation of Mr. Downing's mind. He was a splendid old man, around 75 years of age, extremely stubborn, and a very honorable man, and extremely conscientious.

Mr. HALLEY. He had complained about bookies up to a certain point?

Mr. LEVY. Yes. He complained almost with regularity in the year 1946, up until the time of my conversation, and up until the time Costello was hired.

Mr. HALLEY. And then he stopped complaining?

Mr. LEVY. That's right.

Mr. HALLEY. And so far as you knew, there was no bookie trouble after that?

Mr. LEVY. That's right.

Senator O'CONNOR. Mr. Witness, in order that we might have an idea of your opinion to the effect of this Costello's work and the

importance of it, without going into all the detail: How did his stipend compare with other salaries at the raceway?

Mr. LEVY. Well, I don't think there were any larger. As a matter of fact, I paid this out of my own pocket.

Senator O'CONOR. I understand.

Mr. LEVY. Suppose we have this right; suppose Chairman Downing was correct.

Senator O'CONOR. You don't mind answering my question directly, first, and then you can make any explanation you wish:

I just want to know how it compared with salaries that you were paying.

Mr. LEVY. I would say the lowest-priced officer we had at that time was receiving from \$13,000 to \$14,000 a year.

Senator O'CONOR. So he, just generally speaking, was paid about as much as anybody, as any officer in the raceway?

Mr. LEVY. As any of the lowest officers who did any work. A general manager received \$35,000.

Senator O'CONOR. There is no question he was paid in excess of the amounts paid to many others at the raceway?

Mr. LEVY. You mean many other officers, or many other employees; which?

Senator O'CONOR. Many other officers; to some other officers, let's say.

Mr. LEVY. Well, it was paid within \$2,000 of the lowest officer of the race track as of that time.

For instance, the head of our accounting department, I think, gets \$12,000, \$15,000 a year. Our racing secretary gets \$18,000 to \$20,000 a year.

Senator O'CONOR. So I think probably you have answered it. So that it is fair to say that you paid him in excess of the amount paid to the head of the accounting department?

Mr. LEVY. I would say about the same.

Senator O'CONOR. That answers the question. Thank you.

Mr. HALLEY. What does the head of your police department get?

Mr. LEVY. The head of our police department gets—well, that has varied. I think during the racing season he gets \$500 a week. And the off season, I think he is now receiving \$100 or \$125 a week; in charge, more or less, of the safety thing. We keep our men going around protecting against fires and intruders.

Mr. HALLEY. On an annual basis, what does he get?

Mr. LEVY. He is not employed on an annual basis. He is employed all the year round, but his salary is \$500 a week for the racing season.

Mr. HALLEY. How long is the racing season?

Mr. LEVY. We have gone roughly 110 nights. That is Nassau combined with us.

Prior to 1950 and in '49 we had three racing corporations there.

Mr. HALLEY. That would be about 15 weeks he gets \$500?

Mr. LEVY. Fifteen weeks—well, it is a little more than that. You see, the racing season, 110, 20 6-day weeks there, it would be 15, 16, or 17 weeks; somewhere around there.

Mr. HALLEY. And then for the whole remainder of the year he is only getting \$100 a week; is that correct?

Mr. LEVY. \$100 or \$125; I am not certain.

Mr. HALLEY. So that his total income would be under \$15,000?

Mr. LEVY. Oh, yes; sure. We have two heads at the present time, getting, I think, the same salary. Two men share that. Martini shares it with another man.

As a matter of fact, at the end of '46, Chairman Downing insisted that De Martini could not be the sole head of the police department.

Senator TOBEY. Did Mr. Costello render a report to you on a monthly or yearly basis for his consideration?

Mr. LEVY. No, sir.

Senator TOBEY. You simply paid the money and took it on faith?

Mr. LEVY. That's right. You see, you took it on face, that is. As long as Commissioner Downing was alive, it was a great relief for me to be able to say, "I am still paying the man that we selected to do the work, and from your attitude, he is doing a good job, and I am delighted with him." I mean, that was the position.

Senator TOBEY. And Mr. Costello did do the job, according to Mr. Downing and the evidence you heard; is that right?

Mr. LEVY. Commissioner Downing thought so; yes.

Senator TOBEY. And you paid the money on Downing's representations, on Downing's faith in Costello's ability you advanced the money; is that right?

Mr. LEVY. Well, that is part of the reason; yes, sir.

Senator TOBEY. You don't know how he operated, or whether he just touched him on the shoulder and said, "Be good," or "Get out"?

Mr. LEVY. I haven't the slightest idea.

Senator TOBEY. So he got \$15,000 a year for that?

Mr. LEVY. That's right.

The CHAIRMAN. Mr. Levy, didn't you ask him what he did?

Mr. LEVY. I did not. As long as Chairman Downing was satisfied, I was delighted.

The CHAIRMAN. You played golf together after that, didn't you, several times?

Mr. LEVY. Oh, without a doubt.

The CHAIRMAN. It looks like you were——

Mr. LEVY. As a matter of fact, I think I complimented him about three or four times. "Apparently you are doing a good job."

The CHAIRMAN. Apparently you asked him, "How did you do this magic?"

Mr. LEVY. As a matter of fact, Senator, if, in the crisis that existed in 1946, if he used the worst method imaginable, not violating the law, but threats or anything he wanted to use, we are trying to keep our track clean.

There was the name suitable to the commissioner, and agreeable to him. And when that solution was arrived at, if his reputation was 40 times worse than it has been portrayed, and it satisfied Commissioner Downing, I still would have hired him.

The CHAIRMAN. So you just didn't want to know how he did it?

Mr. LEVY. No—that is substantially so. I didn't want to know. I wouldn't want to feel that any crimes were committed, any crimes of violence to keep anybody out; then I would have been interested. But whether he used the telephone or wrote them letters, or they were friends of his, or whatever he did, I was not interested in the details. I was interested really in the result.

Senator O'CONOR. When, to the best of your knowledge, did Commissioner Downing die?

Mr. LEVY. In 1948.

Senator O'CONOR. If your sole purpose was to satisfy Commissioner Downing, how do you explain that you carried on Costello's employment after his death, and would have carried it on continuously, had you not had the trouble with the Internal Revenue?

Mr. LEVY. Because I made this commitment to him, and told him I would pay him \$15,000 a year, and didn't want to go, and more or less to use a vulgar expression, welch on the promise I had made. That is exactly why I did it.

Mr. HALLEY. But you did welch in 1950?

Mr. LEVY. I welched then because Uncle Sam said it wasn't deductible. I told him the Treasury Department would not approve the payments. Under those circumstances, I can't make it any longer; and he says, "I didn't want it in the first place anyhow. It is perfectly O. K. with me."

Mr. HALLEY. Did it have any connection with the fact that early in 1950 he testified before the Senate Committee on Interstate and Foreign Commerce that he had no connection with any bookmakers?

Mr. LEVY. I don't know. I don't know what his mental processes were, Mr. Halley.

Mr. HALLEY. Did you ever read that testimony of his?

Mr. LEVY. I don't think I read it; and he certainly didn't consult me prior or subsequent in regard to it; and I know nothing about it.

Mr. HALLEY. Did you ever read in the newspapers that he so testified?

Mr. LEVY. I may have read it. I don't recall it now, Mr. Halley.

Mr. HALLEY. Were you surprised by that testimony?

Mr. LEVY. I don't even recall reading it.

Mr. HALLEY. Did you go to him and say, "How were you able to perform this miracle if you had no connection with any bookmakers?"

Mr. LEVY. I mean, that is something you would have to ask him. I haven't the slightest idea in regard to it.

Mr. HALLEY. What has been your relationship with Frank Erickson?

Mr. LEVY. Well, the relationship, we acted as attorneys, even when Littleton was there, up to 1942, in connection with several pieces of litigation.

He was indicted for perjury in the second degree, I think, and went to trial in Queens County.

There was a vagrancy charge against him, coupled, I think, with a disorderly person charge.

And then there were one or two civil suits with the return of money under the New York statutes, which enables the loser to recover money from the common gambler to the extent of his losses, and another statute which empowers the court authorities to recover three times the amount of such losses.

Mr. HALLEY. In other words, you represented Erickson in connection with his bookmaking business, is that right?

Mr. LEVY. Represented—not in connection with his business—we represented him in the defense of that civil action. We represented him on two or three specific criminal charges.

Mr. HALLEY. All having to do with bookmaking?

Mr. LEVY. No. The perjury in the second degree had nothing to do with bookmaking at all.

Mr. HALLEY. That did not. But all the rest had to do with bookmaking, had it not?

Mr. LEVY. The vagrancy charge had to do with bookmaking. In other words, the charge was he had no known legitimate means of support.

Mr. HALLEY. And the civil cases had to do with bookmaking?

Mr. LEVY. The civil cases definitely involved bookmaking; that's right. Then I represented him. And then Littleton had retired from the law practice and gone out to Wyoming on a ranch some time, I think, in 1944 or possibly 1945—in a motion to quash a subpoena given by the Commission of Accounts of the City of New York, oh—Hirschberger—Bromberger.

That's the extent of my representation of Brother Erickson.

Mr. HALLEY. How long have you known him?

Mr. LEVY. Roughly 20 years.

Mr. HALLEY. Is it a fact that you, Erickson and Costello habitually played golf together for many years?

Mr. LEVY. Not habitually. We played golf, as I say, he would usually be there when I played with Costello. Probably it would be a matter, all told I would say, over the years of 100 times.

It so happened the three of us played about the same scores, or within two or three strokes of each other.

Mr. HALLEY. What golf club was that?

Mr. LEVY. Originally at Lakeville.

Mr. HALLEY. You were known as a constant golfing team, were you not?

Mr. LEVY. I wouldn't say that; no. I wouldn't say that.

Mr. HALLEY. Was there a fourth member of that golfing group?

Mr. LEVY. Most anybody who came along would be the fourth man.

Mr. HALLEY. Well, do you remember a man named Schoenbaum?

Mr. LEVY. Oh, yes. He was there many times.

Mr. HALLEY. Joseph Schoenbaum?

Mr. LEVY. That's right.

Mr. HALLEY. He was an employee of the Bureau of Internal Revenue?

Mr. LEVY. That's right.

Mr. HALLEY. In a statement he gave this committee, he was asked: "Do you usually play in foursomes?"

He said, "Yes."

And then:

Who else played with you and Mr. Levy?

Answer. Mr. Erickson and Mr. Costello.

Question. Who else?

Answer. Well, those were the constant ones. Others on and off.

Would you agree with that statement?

Mr. LEVY. Others were the constant ones?

Mr. HALLEY. No. "Those," meaning Erickson, Costello, and you and he, were the constant foursome. And there were others on and off.

Senator TOBEY. Perhaps he is referring to his golf game, on and off.

The CHAIRMAN. Mr. Halley, suppose you get his name spelled.

Mr. HALLEY. Yes. It is Joseph (spelling) J-o-s-e-p-h; Shoenbaum (spelling) S-h-o-e-n-b-a-u-m.

The CHAIRMAN. Was he with the Internal Revenue at that time, or had he previously been with the Internal Revenue Department?

Mr. HALLEY. I think Mr. Levy can answer that.

Mr. LEVY. I think he had been there when he first started playing golf, and I think he retired under a pension.

Mr. HALLEY. When did he retire?

Mr. LEVY. I couldn't tell you that. I think both before and after would be the answer to your question.

Mr. HALLEY. He retired in 1944 or 1945, according to his statement. Would that be your recollection?

Mr. LEVY. That is probably right.

Mr. HALLEY. And he had been a member of the foursome for many years before; is that right?

Mr. LEVY. I would say that is substantially right. He played with us very often.

Mr. HALLEY. Going back as early as 1941.

Mr. LEVY. Going back, I would say, even before then.

Mr. HALLEY. In fact, he bought some stock in the trotting association, did he not?

Mr. LEVY. Well, if you call it a buy in the light of present values, at that time the stock was practically worthless.

Mr. HALLEY. He got it for something like—go ahead.

Mr. LEVY. He got 100 shares of stock for \$2,000; the common stock, \$2.50 a share, around 1941.

It cost him \$200 to \$250. And it wasn't worth any more than that, at that time. Many sales were made much less.

For instance, Eddie Bruns, whom I referred to here, the oldest member of the New York Stock Exchange, had \$10,000 or \$15,000 of preferred and 300 shares of common, and as late as 1944 sold the preferred and the common to Al Valentine for, I think, \$3,500 or \$4,000. Preferred was redeemed a year or two later; that is, his \$10,000 or \$12,000, and that same stock has a tremendous increase in value.

Mr. HALLEY. It has gone up quite a bit, hasn't it?

Mr. LEVY. Oh, yes. So that Bruns got nothing for his common stock at all.

Mr. HALLEY. What was the original basis of financing? You read a list of investors and the amounts they invested. Were you selling them a package of preferred and common stock?

Mr. LEVY. That's right.

Mr. HALLEY. And what was the sale price?

Mr. LEVY. Well, the preferred was always sold at par.

Mr. HALLEY. What was par?

Mr. LEVY. All the common stock was owned, theoretically, by Robert Johnson, because he had the lease at Mineola Fair Grounds, where it was originally intended to conduct trotting. And therefore he would give as little or as much of the common stock as necessary to make the preferred stock sale.

There would be variations in connection with it; not very important variations, but variations.

Mr. HALLEY. In other words, the common stock was the sweetener for the purchase of the preferred; and the preferred was sold at par; is that right?

Mr. LEVY. Yes. When you say "sweetener," an incentive.

Mr. HALLEY. Yes.

Mr. LEVY. I understand.

Mr. HALLEY. No derogatory term. That is the expression of Wall Street, isn't it?

Mr. LEVY. Yes.

Mr. HALLEY. When you say, for instance, a man invested \$5,000, there were several \$5,000 investments you referred to?

Mr. LEVY. Yes.

Mr. HALLEY. What would they get for their \$5,000?

Mr. LEVY. Well, I am trying to see the pattern. We will say, for instance, Stuart Iglehart put in \$10,000. I think that for each \$1,000, in the two installments—the first one hundred and the second hundred, there were variations. I think the first time we got 50 shares of common stock at, say, 10 cents a share, some nominal price was put on it for each \$1,000 preferred. And the second time we only gave 25 shares of common for each thousand of preferred.

Mr. HALLEY. How much did 1,000 shares of preferred cost?

Mr. LEVY. I don't mean 1,000 shares. I am talking \$1,000, Mr. Halley.

Mr. HALLEY. I see. When Schoenbaum bought his 100 shares, he wasn't required to buy any preferred; is that right?

Mr. LEVY. No.

Mr. HALLEY. So Schoenbaum, without making the investment in the preferred stock, got common stock at approximately the price that the others were paying for the common; is that right?

Mr. LEVY. Yes. His 100 shares at that time would have represented, probably, if 50 shares went for the \$1,000, that would have been about a \$2,000 investment. If it was 25, it would have been a 4.

Mr. HALLEY. He made a——

Mr. LEVY. All that stock had been disposed of at that time. There wasn't any left in the treasury at all. And this stock is my stock that I sold him.

Mr. HALLEY. Let's just get it straight: In an investment of this type, the real chance of making a gain is on the common stock, not the preferred; is that not right?

Mr. LEVY. Yes, that's right. Of course, you are going to get your money back on the other.

Mr. HALLEY. And it is a fact that Schoenbaum today gets a very sizable income from his 200 shares; is that not right?

Mr. LEVY. No. Schoenbaum didn't have 200 shares; he had 100 shares.

Mr. HALLEY. One hundred shares; \$200 worth?

Mr. LEVY. By virtue of the two increases in stock, you could multiply it. It is 32 for 1, so he now has 3,200 shares out of an issue of 400,000, where originally he had 100 shares out of \$12,500.

Now, that dividend for the last 3 years has been at the rate of \$1.50 a share, Mr. Halley. And so 3,200 shares would bring him in \$4,800.

Mr. HALLEY. That has been his income on his \$200 investment?

Mr. LEVY. That's right.

Mr. HALLEY. \$4,800 a year?

Mr. LEVY. That's right.

Mr. HALLEY. Now——

Mr. LEVY. As a matter of fact, that is not unusual in there. I don't mean to go into detail, but the preferred was retired in 1944, and out

of any number of small investments, I mean, the small history you mentioned with him is repeated many times over.

Mr. HALLEY. Who else got this common without buying preferred in 1940 or 1941?

Mr. LEVY. In 1940 or 1941? It seems to me at the time that he got that stock, that was following a golf game somewhere—I think it was over in New Jersey—

Mr. HALLEY. Following a golf game?

Mr. LEVY. Following a golf game that he played in New Jersey, and he made some small winning. Schoenbaum would bet \$5 or \$10 Nassau. If he bet that, that was a very large bet for him.

Mr. HALLEY. He was a Treasury employee, wasn't he?

Mr. LEVY. Yes. I don't mean it that way at all.

Well, I think he won \$25 or \$30 in the golf game, and while having a sandwich, he brought up the question, and there was another fellow there, too, a fellow by the name of Perry, and he said "could I buy some too?"

I think at the same time, if I am not mistaken—I am not sure whether he got 200 shares and Shoenbaum got 100 at the same price.

Mr. HALLEY. But they are the only people who got the common without the preferred?

Mr. LEVY. No, there were other sales, but as far as I am concerned, they were the sales of common without buying the preferred.

Mr. HALLEY. If any individual investor wanted to give somebody an unusually fine opportunity, he could sell some of his common on his own account?

Mr. LEVY. Mr. Halley, that would depend on the time. Nobody would feel that they were given an unusually fine financial opportunity prior to 1945.

Mr. HALLEY. If there was any point in being in Roosevelt prior to 1945, it was by virtue of holding this common stock, wasn't it?

Mr. LEVY. That would be the incentive or investment stock.

Mr. HALLEY. If it was a losing track, you had the preferred, and if it was a winning stock, the money was in the common?

Mr. LEVY. That's right.

Senator TOBEY. Was this treasury stock?

Mr. LEVY. No. The original 100,000 was fully subscribed.

Senator TOBEY. Did the existing stockholders give them the stock?

Mr. LEVY. No, I made these two sales at the \$2 price. As a matter of fact, I gave away a lot of the common stock.

Senator O'CONOR. As a matter of fact, that Treasury employee, that golf partner of Costello, is now receiving 24 times as much every year as he put in originally, and still has the same original investment?

Mr. LEVY. That's true, and the same is true of anybody else. There were any number of sales, without a doubt, because in 1943, most of the boys would have sold the common stock at 50 cents or a dollar, if anybody bid for it.

Mr. HALLEY. You didn't sell the stock, did you? You were giving it away, weren't you?

Mr. LEVY. I don't consider that I was giving it away.

Mr. HALLEY. \$200 didn't mean anything to you, did it?

Mr. LEVY. I was not so flush in those days.

Mr. HALLEY. In the deal with Mr. Schoenbaum, who was probably getting about \$3,000 a year, you wouldn't want us to think—

Mr. LEVY. I gave it to him not because he was a sweet, dear friend of mine. The stock at that time was definitely not worth even the \$2 a share.

Mr. HALLEY. It was paid so that he would have a record of any future income tax payment? Any Treasury man would do that, wouldn't he?

Mr. LEVY. I don't know what motivated him. There was no reasonable expectancy of dividends or profits at that time.

Mr. HALLEY. You were playing along. He bought that stock in 1941, didn't he?

Mr. LEVY. Somewhere along that time.

Mr. HALLEY. That is the year you went out and sold these people the package the second time around—

Mr. LEVY. That was in 1940. The second installment was sold in 1940.

Mr. HALLEY. Then, shortly after that, you gave this stock to Schoenbaum?

Mr. LEVY. That's right, several months.

Mr. HALLEY. And in 1940 you were able to find this long list of fine, respectable citizens—

Mr. LEVY. That's right.

Mr. HALLEY. Who were willing to buy this preferred stock, \$5,000 and \$10,000 each, in order to get a little common; isn't that right?

Mr. LEVY. I assume that was their purpose.

Friends of Bob Johnson figured the money was gone, and they were kind of helping the enterprise out.

The CHAIRMAN. How many shares of common stock would you give with a share of preferred?

Mr. LEVY. That varied.

The CHAIRMAN. What was the usual amount?

Mr. LEVY. There were two sales. One bought 50 shares of common stock, and the second 25 shares, and which was which. I don't remember; that is, whether the first hundred bought the 50, or the second the 25.

Senator O'CONOR. Did you treat anybody else in a manner similar to the way you treated Shoenbaum, as generously or as liberally?

Mr. LEVY. May I give you some illustrations?

Senator O'CONOR. I don't want the details.

Mr. LEVY. The answer is yes. For instance, things were so bad in 1942 and 1943 that Vince Traynor, our parimutuel manager—we could not pay his salary, and Traynor insisted on getting his money, and I said to Traynor, "This will ultimately pay. Just have patience. If you buy some preferred stock, I will give you 250 shares of common stock for nothing."

He got a few of his associates and got a few thousand dollars together and got the common stock for nothing.

Senator O'CONOR. Do you say that that was similar to the manner in which you treated Shoenbaum?

Mr. LEVY. You mean the difference between buying the preferred and the—

Senator O'CONOR. That's right. I asked you whether you treated anybody in a manner similar to the manner in which you treated Shoenbaum?

Mr. LEVY. Well, young Al Weill, in my office, was doing a lot of work, and we couldn't pay him, and they gave him 500 shares of stock. Senator O'CONOR. Was that in payment of his services at the track or at your office?

Mr. LEVY. Well, he was working on it around the law office, and we couldn't pay him.

Senator O'CONOR. Well, the track had an obligation to him, and thought to liquidate it in that manner. That is not similar.

Who else did you treat in a manner similar to the manner in which you treated Shoenbaum, who now gets 24 times what he originally invested, and still had his original investment?

Mr. LEVY. It would be marvelous if our foresight was as good as our hindsight.

Would a gift of stock fall in the question that you have in mind?

Senator O'CONOR. Do you consider Shoenbaum's a gift?

Mr. LEVY. No. In fact, I had grave doubts that it was worth anything. We thought that it was possible that the newspaper predictors would be right. I think it was a miracle that it came through at all.

Senator O'CONOR. All the others listed had to take the bundle?

Mr. LEVY. That is in here. But you asked me if there was anybody treated in the same manner. I think there were any number of gifts of common stock by me, with no preferred at all.

Senator TOBEY. What was the largest amount of common stock you held?

Mr. LEVY. I think roughly, in the beginning, I had about 30 percent. It was around 12,500, and that was 3,500 or 3,600 shares of the original stock.

Senator TOBEY. Didn't you say that you had a Mr. Perry that got some too?

Mr. LEVY. That's right.

Senator TOBEY. What is his business?

Mr. LEVY. As far as I know, he is a contractor in Westchester County.

Senator TOBEY. How did you happen to sell that to him?

Mr. LEVY. Well, he was in the golf game too, and he spoke up.

Senator TOBEY. I see.

Mr. LEVY. As I say, the original stock was 12,000. It has been subsequently increased to 400,000 shares.

The CHAIRMAN. All right, let us go on.

Mr. HALLEY. Have you hired any of Mr. Erickson's relatives to work on the racetrack at Roosevelt or in connection with it?

Mr. LEVY. You mean—well, one man is his son-in-law.

Mr. HALLEY. Who is that, Watson?

Mr. LEVY. Jimmie Watson. Outside of that, nobody that I can recall.

Let me add this: In the 11 years of our existence, where we have hired, I would say, seven or eight thousand people, I don't know of any man at that track at the request or recommendation of one Frank Costello. I don't know of anybody at that track—and I noticed in the newspapers some fellow called Moro, in our pari-mutuel department, and I inquired about him. He formerly worked for Erickson, a clerk in our pari-mutuel department.

Mr. HALLEY. What was his name?

Mr. LEVY. Moro.

Mr. HALLEY. Stephen C. Moro?

Mr. LEVY. I don't know his first name. Apparently he worked for Erickson at one time, and worked at our track. Whether Frank Costello ever called and asked me to intercede——

Mr. HALLEY. Did Costello ever ask you to intercede?

Mr. LEVY. Never.

Mr. HALLEY. Did you ever ask Costello if he wanted you to intercede with anybody?

Mr. LEVY. No. The only two men who came down at the request of Costello, or were friends of his—well, I remember a fellow Castino tried to sell us a plastic awning——

Mr. HALLEY. Jerry Castino?

Mr. LEVY. Yes.

Mr. HALLEY. And you have read of him in connection with the Lodi crap game?

Mr. LEVY. Yes, that's why I brought it up. We told him we didn't want him, and that ended that.

Mr. HALLEY. But you never discussed with Frank Costello giving his friends or relatives a job?

Mr. LEVY. That's right. And none have received any jobs.

Now, getting back to Erickson——

Mr. HALLEY. No; let us stay with Costello a little longer.

Mr. LEVY. All right, go ahead.

Mr. HALLEY. I want to be perfectly sure there is no question in your mind that you never consulted Costello on any question concerning any job that anybody would have in and around the Roosevelt race track.

Mr. LEVY. I don't recall ever having talked to him about any job, and I don't know of anybody he recommended or suggested in any conceivable way.

Mr. HALLEY. Would that apply to all your operations at any track?

Mr. LEVY. Yes.

Mr. HALLEY. Including Yonkers?

Mr. LEVY. Yes. Yonkers, you know, was a combined thing for just that one year.

Mr. HALLEY. When we talk about Roosevelt, you are including Yonkers.

Mr. LEVY. You aren't including it as of today. You mean as of 1943?

Mr. HALLEY. That's right.

Mr. LEVY. Yes; that's right.

Mr. HALLEY. Now, you hired Watson in 1947, did you not?

Mr. LEVY. Bob Johnson and I were interested in promoting a track in Detroit——

Mr. HALLEY. Please answer the question.

Mr. LEVY. I am answering your question.

Mr. HALLEY. All right, go ahead.

Mr. LEVY. And we hired Watson to go out there. He was in the real-estate business.

I had known young Jimmy ever since he was courting Frank Erickson's daughter. He came out of World War II as a lieutenant in the air service, if I recall it, and he went to work for John Reynolds, I think, in the real-estate business in New York. We were very fond

of the young fellow, and we needed somebody in Detroit to check locations, because Bob Johnson thought that he had a group of people ready to finance a track out there.

I talked to Watson about going to Detroit, to go over all the locations, and report to me which location he thought was most favorable for that type of business.

I paid him personally, and it wasn't on behalf of Roosevelt. It had nothing to do with the corporation of Roosevelt. It was individually, between Bob Johnson and myself, and I paid him personally for it, and I have his report here, the report that he gave me, Mr. Halley.

I have the report available, if you care to see it, the one that he gave me after he went to Detroit [handing document to Mr. Halley].

Mr. HALLEY. Thank you.

Now, you are not implying that the raceway never hired him, are you?

Mr. LEVY. I didn't say anything of the kind. You spoke about Detroit—

Mr. HALLEY. No; you did.

Mr. LEVY. No; you asked me if, in 1947, I hired Watson, and the answer is "Yes," and the work he did is indicated by that report.

Mr. HALLEY. Now, later on, the Roosevelt raceway hired him; is that right?

Mr. LEVY. I hired him on behalf of two corporations, together with Joseph J. Dowling. He was the president of Nassau, and I was chairman of the executive committee of the Old Country Trotting Association.

In 1948 the Empire City problem presented itself. Very briefly, under the law in New York State at that time, seven trotting meetings were authorized by law, and seven respective corporations had already been licensed as of the beginning of 1948.

Do you want to take a recess now?

The CHAIRMAN. I think we will go on and then stop for lunch.

Let me inquire of you gentlemen of the press, would it be of some convenience to you if we had a recess now?

A VOICE. Yes, sir.

The CHAIRMAN. For how long?

A VOICE. For two hours.

The CHAIRMAN. You mean for lunch?

Well, I think we will finish with Mr. Levy in about five minutes, and then we can go to lunch. Let us go on.

Mr. HALLEY. Now, will you go on with the employment of Watson?

Mr. LEVY. Yes, surely.

In 1948, we had realized—I mean the heads of the corporation—that Yonkers was a menace to our track at all times, that if anyone ever got into Yonkers and started to operate, it was much nearer to New York and had a better clubhouse and grandstand, better facilities for the public—it was much poorer so far as the other facilities were concerned, because our track had restaurant rooms and recreation rooms, but that was in the direction of the horses; but in the way of the public facilities. Yonkers had an advantage that we did not possess.

Therefore, we were very anxious to settle the problem of Yonkers once and for all—so much so that, going back to 1947, we were trying

to find out if the Butler interests would sell the Yonkers track, and if we could buy it at a real estate value.

We intended to buy it and sell it off real estate and never have any trotting there, and eliminate the problem. We had tried through 1947 to find out if they wanted to sell. One of the directors of the Nassau Trotting Association was a fellow named Devereaux Milburn. Mr. Milburn and Mr. Butler were supposedly very friendly. They lived at Old Westbury, belonged to the Meadowbrook Club, played golf together, and so forth.

Well, no price was ever obtained during 1947. Come 1948, the rumors were persistent that Yonkers is about to be sold and some group is buying Yonkers. So we finally arranged an appointment with Judge Blakely, I think Luke O'Brien and Butler, and for the first time they gave us a price—that was some time, I think, early in 1948—of two million and three-quarters, plus a provision that we could not trot at night during the same time that Empire City—that was the Butler race track, the name of it—raced flat racing in the daytime and when we questioned, "Well, how could we ever know when we could trot, because until the flat commission gives you the date, you would never know whether you conflicted or you didn't conflict."

Well, that was the price and that was the only condition. Well, we had an appraisal of the real estate made and we didn't think the real estate as such was worth any more than eight or nine hundred thousand dollars. We didn't figure we could go that high. So we submitted a proposal in there that we would pay up to \$500,000—I say we, Mr. Dowling had charge of it, because he knew the Butler people—for a covenant in the event of a sale by the Yonkers owners, namely, the Butlers, that they would preclude the use of the land for trotting purposes, and we were ready to pay upward of a half a million dollars to receive that covenant, which would have given us the protection we wanted.

But we didn't get to first base on whatever the offer was that we had presented, and we were hearing constant rumors that some other group was buying Yonkers.

Now, remember what I said. There were seven licenses in the State of New York under the existing law, and all those licenses were being used. True, a license is a mere privilege, I mean renewable each year, and one might have been knocked out, but ordinarily they are renewing existing licenses if their conduct has been good and what not.

So we were very much concerned as to what type would go into Yonkers and gamble on paying two million and three-quarters, which was the only price we knew about—do you follow me—and take a covenant that they can trot at the same time when the other track is racing. And Dowling, who was then president of Nassau and some of our executive committee, we talked about it, "This don't make sense, it don't add up. Who would come in and buy that at that kind of a price? The land is worth maybe a third of that price. Who would take that kind of a covenant?" And I commenced to think, very frankly, it must be some gambling crew. I didn't know of any conservative businessmen that would do it.

So Dowling and I discussed the situation and who we could try to hire to find out who was behind this deal. And I said, "I know a young man I am very fond of, Joe," speaking to Dowling. "He is Erickson's son-in-law, but I think he has got enough honor in his

system that if Erickson is behind it in any way at all I think he would refuse the job, and we could assign to him the task of trying to find out who is behind the Empire City deal."

It was under those circumstances that we hired young Watson, and we paid him \$7,500 a year and whatever his expenses were to find out.

He finally found out, in 1949, after this other group having no connection as far as I know with Mr. Erickson—I don't mean to infer that, do you follow me—as to this other group who came in, as far as I know they are people I know nothing about, I mean, one way or another, but in any event he found out that a Mr. Hertzfeld in the carpet business was the man, and a number of his associates were the men behind it.

Shortly thereafter that led up to interviews with their representatives in regard to trying to work out an agreement to prevent a post-war competition on dates, and we released one tenant, Mr. Keen's corporation, and he went up to Yonkers and it worked out peace more or less in the industry. I think I have covered the Watson angle, sir.

Mr. HALLEY. I would like to ask you a few questions about it. Prior to your hiring Mr. Watson, what had been his business?

Mr. LEVY. He was in the real-estate business with Mr. Reynolds.

Mr. HALLEY. That's not right. He had been working for the Walter Reed Theaters, I think.

Mr. LEVY. You mean prior to which—1947 or 1948?

Mr. HALLEY. Prior to 1947. It was in December of 1947. He didn't work until 1948; do you remember that?

Mr. LEVY. Well, he worked for us in Detroit in 1947, Mr. Halley. If you will look up those real estate locations, it is in that report that you have now.

Mr. HALLEY. He fixed it as the day of the big blizzard of 1947 that you first talked to him.

Mr. LEVY. About going to Detroit?

Mr. HALLEY. Yes.

Mr. LEVY. I think that's right.

Mr. HALLEY. At the tail end of 1947?

Mr. LEVY. I think that's right; I think there was a snowstorm. That's right.

The CHAIRMAN. It seems we are going to go longer than 5 minutes before we finish. So could you come back at 2 o'clock this afternoon, Mr. Levy?

Mr. LEVY. I certainly will.

The CHAIRMAN. The committee will stand in recess until 2 o'clock this afternoon.

(Whereupon, at 12:40 p. m., a luncheon recess was taken until 2 p. m. this day.)

AFTERNOON SESSION

(Thereupon, at 2 p. m., the committee resumed.)

The CHAIRMAN. The committee will come to order.

The committee is pleased to announce that the members of the committee have been in touch with Judge Knox and he has agreed to cooperate with us and through the courtesy of Judge Goddard, Judge Goddard is moving his hearing room somewhere else and giving us

his courtroom, 318. He said he would make it available tomorrow, but because of the physical difficulty in moving lines, electric lines, and other equipment, it is not going to be possible for us to move into 318 until Wednesday morning.

We are, of course, very grateful to Judge Knox and to Judge Goddard and others who have made this move possible. We are sorry to put the television and radio people to so much trouble, but it is impossible to do the best kind of work in here, and it is very inconvenient and I know uncomfortable not only for the witnesses and the press, but the members of the committee and our counsel. And then we would like to be in a room where we could have more people who wish to attend the hearings come in.

So Wednesday morning we will meet in Judge Goddard's courtroom, room 318, I believe it is instead of here, and in the meantime we will just have to make out as best we can. I know it is not a very easy room to work in and the press has to go in and out, but let us go as quietly as we can and we will ask the witnesses to bear with us.

Very well, Mr. Halley. Will you proceed?

MR. HALLEY. Mr. Levy, at the recess we were discussing Mr. Watson.

MR. LEVY. Yes. Can I interrupt you for a second?

MR. HALLEY. Yes.

MR. LEVY. Senator O'Connor asked me a question before the recess about the sale of common stock without preferred.

Senator O'CONNOR. Yes.

MR. LEVY. I called my office, and the transfer girl is in that office. There are many sales of common stock in 1942 and 1943, but she didn't know the price—I mean without preferred. The one particular one we happen to know—and that was a sale of 175 shares of common stock either in 1942 or 1943, and it was bought by a Mr. Simmons, the head of Simmons Tours, the travel agency in New York, and it was bought through, I think, Charles Judson & Co., brokers down on Broadway, at a purchase price of \$500 for 175 shares.

Senator O'CONNOR. Was that part of a package?

MR. LEVY. No; just the 175 shares. That is the only one I know of. Apparently there were many sales of common stock without preferred, I mean outside of the two sales I spoke of.

MR. HALLEY. But you personally made no other sales? Those aren't your personal sales?

MR. LEVY. No; I had nothing to do with that sale at all. The only sales I made are the two I spoke of before—outside of such giveaways, or some common stock that went in connection with some preferred stock.

MR. HALLEY. Now, getting back to Watson, have you refreshed your recollection of Watson's qualifications in the real estate field at the time you hired him?

MR. LEVY. You mean to go to Detroit, or the other matter?

MR. HALLEY. When you first hired him to observe conditions in Detroit, make a report on the feasibility of opening a track there.

MR. LEVY. No; I didn't. I thought anybody with a little common sense could go along and look at large vacant tracts of land and make recommendations and talk to the real-estate people could do the same thing. And he was picked out as a favor, more or less, because I feel very kindly to the boy, because he has enough handicaps.

Mr. HALLEY. In other words, you were doing a favor to his father-in-law?

Mr. LEVY. No; no thought of any favor to his father-in-law. It was a favor to the boy; yes. Nothing to do with his father-in-law. As I said before, I think the boy has got sufficient handicaps—

Mr. HALLEY. Well, talking of handicaps, do you know whether he purchased some stock in the Roosevelt raceway?

Mr. LEVY. Well, he bought some from me. As a matter of fact—let's see, I think in 1948, at or about the time he was asked to try and find out who was behind the Yonkers deal, he asked me whether or not he could buy some stock of Roosevelt raceway. He didn't have much money, and wanted to know if he could buy it on the installment plan.

So I sold him 400 shares of the first increased amount. You have in your mind that it was eight for one of the original at that time—I think for around \$35 a share, or a total of \$14,000.

He gave me a note for the \$14,000, and he paid me one-third each year by check until he finally paid it, and I think his last payment was late in 1950.

Mr. HALLEY. Well, I believe the young man with the handicaps that you referred to said that his father-in-law gave him the money to buy that stock.

Mr. LEVY. Gave him the money to buy that stock?

Mr. HALLEY. Yes.

Mr. LEVY. He paid it on the installment plan.

Mr. HALLEY. Well, he gave him the money—

Mr. LEVY. That I don't know. Each time he paid it.

Mr. HALLEY. And you know he sold half of that stock to Erickson's son?

Mr. LEVY. Yes, to young Frank, that's right.

Mr. HALLEY. And you know that this young man immediately on being married bought a \$50,000 house?

Mr. LEVY. No; I know nothing about the size of the house that he bought. I know he lives in Forest Hills.

Mr. HALLEY. Then you are not really familiar with the handicaps under which he labored, are you?

Mr. LEVY. Well, without going specifically, knowing that the young man would be handicapped by his father-in-law, that when I say "handicapped" that is not the only handicap that I meant.

Mr. HALLEY. Do you think getting wedding gifts so that one is able to buy a \$50,000 house is handicapped?

Mr. LEVY. Not the ability to do that. But I think fundamentally the relationship situation was a handicap, yes.

Mr. HALLEY. Do you think a relation—

Mr. LEVY. It may be his father-in-law was very kind to him, and did certain things.

Mr. HALLEY. Do you think a close relationship with Frank Erickson is a handicap?

Mr. LEVY. Well, it might have been in his business; yes.

Mr. HALLEY. You had a close relationship with Frank Erickson?

Mr. LEVY. I was his attorney, sir. I told you about the matters that I represented him in. Other than that, I never—

Mr. HALLEY. Well—

Mr. LEVY. Just a moment, please. I never was Frank Erickson's confidant. I knew nothing about his business, how he conducted it, what his assets or liabilities were. Anything about his business, other than what I represented him in some specific cases that I told you about.

Mr. HALLEY. And you were his constant golfing companion?

Mr. LEVY. I would say not. In the last 20 years, if I played golf with him 100 times, it is very easy to multiply 20 times 365.

Mr. HALLEY. How many times did you play golf with him in the years 1945 to 1947?

Mr. LEVY. Oh, I would say tops, 40, 50 times, if that many. I am guessing that.

Mr. HALLEY. You only spoke to Frank Erickson only 15 times a year in those years?

Mr. LEVY. I would assume that that's correct, and that might be more than I played with him.

Mr. HALLEY. Do you disagree with Shoenbaum who said you were a constant foursome?

Mr. LEVY. He is talking about "constant," when I was there, I suppose. I don't know what he means by "constant."

I would say the maximum number of times that I played golf with Frank Erickson over 20 years would be 100 times, if that.

Mr. HALLEY. It couldn't be over a hundred?

Mr. LEVY. I wouldn't think so; no. I am guessing at it, to be frank with you. But I wouldn't think so.

Mr. HALLEY. How many times did you play golf?

Mr. LEVY. Months went by without playing with Erickson in the playable weather.

Mr. HALLEY. You mean, months during the golf season?

Mr. LEVY. You wouldn't be playing in the winter months.

Mr. HALLEY. And during the golf season, how often did you play with him?

Mr. LEVY. Many times months went by when I didn't play with Frank Erickson at all.

Mr. HALLEY. And many times months went by when you would play twice a week?

Mr. LEVY. That's right.

Mr. HALLEY. And you sought this——

Mr. LEVY. I sought?

Mr. HALLEY. Yes. Didn't you seek this association?

Mr. LEVY. I didn't seek it; no.

Mr. HALLEY. You didn't have to play golf with your client, did you?

Mr. LEVY. I did not. I played golf with judges and with bankers, and with hundreds of others outside of Frank Erickson and Frank Costello. In fact, I am kind of a golf fiend; I love to play golf.

Mr. HALLEY. And you didn't feel that having a golfing association with him was a handicap, did you?

Mr. LEVY. To me?

Mr. HALLEY. Yes.

Mr. LEVY. No; I didn't think so. Because anybody who knew me knew very well I had nothing to do with his business.

Mr. HALLEY. And why do you think that being Erickson's son-in-law was a handicap?

Mr. LEVY. Because he was in a little different situation. He was a young man starting in life. He was the son-in-law of Frank Erickson, reputedly a very large gambler. To my mind, that would constitute a handicap to that boy.

Mr. HALLEY. When you offered him that assignment, he had a job, did he not?

Mr. LEVY. In Detroit?

Mr. HALLEY. He had a job in New York.

Mr. LEVY. You are speaking now of the first matter, Mr. Halley?

Mr. HALLEY. The first matter.

Mr. LEVY. Yes. He had a job of some kind.

Mr. HALLEY. He worked for some theater company, didn't he?

Mr. LEVY. I don't know exactly; I think he did. I think he was working for Walter Reed.

Mr. HALLEY. Walter Reed Theater?

Mr. LEVY. I think that's correct.

Mr. HALLEY. And not for a real-estate company?

Mr. LEVY. Not at that time. I think he went to work for the real-estate company the following year.

Mr. HALLEY. And he was earning between \$50 and \$75 a week, was he not?

Mr. LEVY. I don't know what he earned; I don't know what he earned.

Mr. HALLEY. Did you ask him what he was earning?

Mr. LEVY. I did not.

Mr. HALLEY. Did he give up his job to take the job with you?

Mr. LEVY. To go to Detroit, you are speaking about?

Mr. HALLEY. Yes.

Mr. LEVY. Specific?

Mr. HALLEY. That's right.

Mr. LEVY. I wouldn't think he had to. He only went on one or two trips to Detroit.

Mr. HALLEY. What did you pay him for the one or two trips to Detroit?

Mr. LEVY. I paid him, I agreed to pay him \$5,000 to go out there and make an exhaustive report of available properties, whether he went once or 40 times.

Senator O'CONOR. The other payment of \$7,500 for the 2 years——

Mr. LEVY. That is subsequent.

Senator O'CONOR. It was subsequent?

Mr. LEVY. That's right.

Senator O'CONOR. And for the precise purpose of finding out who was behind the offer of the other?

Mr. LEVY. That's right.

Senator O'CONOR. In other words, you paid him \$5,000 for the one assignment in Detroit just to find a few facts, and \$15,000 for the sole purpose of finding out one fact?

Mr. LEVY. Well, one fundamental fact. The five I paid myself, Senator, out of my pocket. The \$7,500 for each of 2 years was paid by the corporations, with the knowledge and approval of the president of Nassau, who was part and parcel of the making of that arrangement. And both corporations contributed toward it.

So, the cost of the \$7,500 to Old Country—that is my pioneer corporation—was roughly two-thirds, say, \$5,000. The cost to Nassau was roughly, \$2,500. And when the third corporation came in the following years, they in turn contributed toward it.

So the cost to Old Country was roughly half of that \$7,500. And the other \$3,750 attributed to the other two. Now, the way that was done, so that you may know:

All operating expenses pertaining to the operation of the corporation was divided by, first, the two corporations in accordance with the parimutuel handling. In other words, whatever percentage Nassau handled as compared to the grand total, that was its percentage. And the same rule prevailed when the Goshen mile track, which had operated the Hambletonian, came down in 1948, they in turn paid its share of operating expenses on the same formula.

The CHAIRMAN. I didn't understand what particular abilities this young man had to find out who was behind the Nassau track.

Mr. LEVY. I don't think he had any unusual ability, Senator. We were busy down on Long Island. My law office is mainly in Mineola. This apparently is a group—where they came from, don't know. We wanted somebody with his nose to the ground trying to find out who this crowd were.

The CHAIRMAN. It looks like you would get a private detective, or somebody of that sort.

Mr. LEVY. Well, I have hired a lot of private detectives in my life, and if that might be your choice, it certainly would not be mine.

Mr. HALLEY. What did you tell him to do?

Mr. LEVY. You mean, specifically?

Mr. HALLEY. Yes.

Mr. LEVY. I told him to inquire in real-estate channels to find out, real-estate offices, did he know of any brokers that had anything to do with this deal; to go everywhere and wherever he could and just listen.

Mr. HALLEY. Did you tell him to go and sit in bars and listen?

Mr. LEVY. In bars?

Mr. HALLEY. Yes.

Mr. LEVY. I wouldn't say bars. He could go to a restaurant; he could go wherever he wanted to.

Mr. HALLEY. He has testified that what he did was to go to places, bars, and sit around and hope he could hear something.

Mr. LEVY. He said he listened in bars?

Mr. HALLEY. That is about the only specific place. He has mentioned several bars that he seems to have gone to, and sat around with his ears wide open, listening to something about the Yonkers race track.

Mr. LEVY. Well, he wasn't directed to go any particular place, whether to go to a church or any bar, as far as that's concerned. He was paid and hired to try and go out and bring back some information as to who these people were. And if he succeeded, fine, we were very anxious—

Mr. HALLEY. Did you tell him to go to bars and get this information? You have mentioned real-estate offices.

Mr. LEVY. I have no recollection of telling him where to go; to find out wherever he could find it out.

Mr. HALLEY. You sounded very surprised that he might have gone to some bars?

Mr. LEVY. No; I am not surprised.

I am not surprised. You might hear something in a bar, you might hear something almost anywhere. I wasn't telling you where to go, Mr. Halley.

Mr. HALLEY. He might just stayed around a hotel and enjoyed the \$7,500?

Mr. LEVY. Well, that is ridiculous.

Mr. HALLEY. Didn't you tell him just to go and hang around various bars and get talking to people at bars and see if he could pick up some information about the Yonkers race track?

Mr. LEVY. I did not. He was told he had to pay his own expenses, so if he went to restaurants and if he listened at restaurants, or wherever it was, he had to pay his own expenses. He was getting \$7,500 to cover his expenses each year.

Mr. HALLEY. Let me read you a question and an answer directed to this young man——

Mr. LEVY. You are questioning me, and you are asking me about questions directed to him?

Mr. HALLEY. I am going to ask you for your opinion as to whether you agree with him.

Mr. LEVY. Well, go ahead.

Mr. HALLEY. You don't object to that, do you?

Mr. LEVY. No; I have no objection to how you want to carry this on.

Mr. HALLEY. Nothing improper about asking you whether you agree with an answer a young man gave to our committee in an examination, is there?

Mr. LEVY. You go ahead. You proceed.

Mr. HALLEY. Thank you.

Q. Did he indicate to you how you might go about that job?

A. Well, yes. He told me that probably one of the best ways would be to go around New York to various bars and get talking to people at the bars, that that was a good way to get information.

Q. Did he suggest any particular individual?

A. No; he didn't.

Now, the question to you is: Is the information read by me, given to this committee, proper? Is that the substance of what you told Mr.——

Mr. LEVY. I have no recollection of telling him to go to bars or any particular place. In our conversation as to where he should go, a barroom may have come up in the discussion. I don't recall it. As far as I was concerned, I was hiring him and instructing him to go where he could to get the information, and particularly had in mind—I particularly had in mind real-estate channels in New York.

Mr. HALLEY. He doesn't seem to have gone to any real-estate channels. Would that have been an oversight?

Mr. LEVY. I don't know.

Mr. HALLEY. Did you instruct him to go to any real-estate channels?

Mr. LEVY. I gave him no specific instructions, Mr. Halley. I gave him general instructions to find out—I didn't direct him how he should proceed at all.

Mr. HALLEY. Did you really need Mr. Erickson's son-in-law to find out who was behind that Yonkers race-track deal?

Mr. LEVY. We certainly didn't find it—he was the first one to find it out, as a matter of fact.

Mr. HALLEY. Did it ever occur to you that you could have asked Mr. Costello?

Mr. LEVY. It certainly did not. I wouldn't see any sense at all in speaking to Mr. Costello about it.

Mr. HALLEY. Have you ever met any of the people connected with the Yonkers race track socially while you were with Mr. Costello?

Mr. LEVY. With Costello?

Mr. HALLEY. Yes.

Mr. LEVY. Not that I know of.

Mr. HALLEY. You have gone out socially with Mr. Costello, have you not?

Mr. LEVY. I haven't gone out socially. I have gone to his home and I have had dinner at his home.

Mr. HALLEY. And you have gone to restaurants——

Mr. LEVY. I think we may have had a dinner at a restaurant. I am speaking now in the last 3, 4 or 5 years. I haven't any recollection at all of going to any restaurant with Mr. Costello.

Mr. HALLEY. Well, previous to that, did you ever go to restaurants with Mr. Costello?

Mr. LEVY. I may have gone to a restaurant with Mr. Costello three or four times in my entire lifetime.

Mr. HALLEY. Well, do you know Mr. Nacherfeld of the Yonkers Raceway?

Mr. LEVY. I know him now.

Mr. HALLEY. And do you know whether he knows Mr. Costello?

Mr. LEVY. No; I don't.

Mr. HALLEY. Do you know Mr. Joe Henschel of the Yonkers Raceway?

Mr. LEVY. I know him now, yes. I have known him since this deal was accomplished. I never knew him before.

Mr. HALLEY. Do you know whether he knows Mr. Costello?

Mr. LEVY. I haven't the slightest idea.

Mr. HALLEY. Do you know Mr. Somyak of the Roosevelt Raceway?

Mr. LEVY. I have known him since—I know he had the programs up there at the Yonkers Raceway in 1950.

Mr. HALLEY. Do you know whether he is a friend of Mr. Costello?

Mr. LEVY. I do not.

Mr. HALLEY. Did you ever see any of these people with Mr. Costello?

Mr. LEVY. No: never saw any one of these people with Mr. Costello.

Mr. HALLEY. Did you ever ask Mr. Costello if any of his friends had any interest in the Yonkers Raceway?

Mr. LEVY. No; never did. I never presumed any of them did.

Mr. HALLEY. It never occurred to you that if you asked him, you might have gotten your answer?

Mr. LEVY. No; it never occurred to me, because I just can't believe that any of those people are in any business interests with Costello in connection with the race track.

Mr. HALLEY. I didn't say they were. I just asked if you knew whether they were friends of Costello's, and whether you might not have found out simply by asking Mr. Costello.

Mr. LEVY. No; it never occurred to me to ask Mr. Costello at all.

Mr. HALLEY. You never did?

Mr. LEVY. Never did.

Mr. HALLEY. Now, in addition to Watson and this other man, whose name, I believe, was Stephen C. Moro, were there any others of Erickson's followers, relatives or employees whom you hired?

Mr. LEVY. Well, I don't think Moro is related to him in any way. I think he was an employee of his many years ago; and he was in our pari-mutuel plan, as I have indicated before. And he hasn't been there in the last year or so. Nobody else that I know in any way connected with Erickson, and never anybody connected with Costello, was ever employed at our track.

Mr. HALLEY. How long have you represented Erickson?

Mr. LEVY. Well, there's been no continuous representation. When some trouble of some kind came up, he would retain me specifically for that particular purpose.

Mr. HALLEY. Going back how many years?

Mr. LEVY. Well, I don't recall anything prior to 1950.

Mr. HALLEY. Well, did you ever meet an attorney Erickson had named Allenberg?

Mr. LEVY. Abe Allenberg, certainly, I know him well.

Mr. HALLEY. And he represented Erickson in Florida; did he not?

Mr. LEVY. I don't know. I assume he did, because from common knowledge, I mean Allenberg was the general manager of Tropical Park, in which Erickson was reputedly an interested owner. I think the Strauses, the American Tote people, when they brought the matter out—I've done business with them for a great many years—spoke to me with reference to Allenberg, whether they would continue him or not. I think it came up in a casual conversation. I think they decided to buy the contract or——

Mr. HALLEY. You had Allenberg do work for you; did you not?

Mr. LEVY. Allenberg did this: We were potentially interested in night riding in Florida. Therefore, the dog tracks, apparently from our early investigation, seemed to be entrenched in Florida. We wanted to get a number of prominent Floridians at least to see trotting and to come up to our track and get a view. Allenberg was one of several who brought a half dozen or more people up there, and he advanced the expenses for them while they lived in hotels in New York, and they came up to our track, and I reimbursed him for whatever expenses he laid out. I think it was roughly \$2,500. That, I think, occurred possibly around 1946, 1947—I don't recall exactly the year.

Mr. HALLEY. The expenses were entertainment expenses and things of that type?

Mr. LEVY. Yes. He said he spent \$2,500 in bringing them up, carfare, plane fare, hotels, and what not; and I reimbursed him.

Mr. HALLEY. Including his own living expenses, traveling expenses?

Mr. LEVY. I imagine he put it all in.

Mr. HALLEY. Thank you.

No further questions, Mr. Chairman.

Senator TOBEY. I would like to make one comment, Mr. Chairman.

You have told a very fantastic story to me in one respect. You have just testified you paid James Watson \$7,000 for making his survey for you and making a report back to you; and I assume that came out of your own money, didn't it?

Mr. LEVY. It did not.

Senator TOBEY. It did not?

Mr. LEVY. I have testified that was paid by the corporation, Senator.

Senator TOBEY. All right. But they expected a report and got it.

Now, in contradistinction, you testified this morning that you gave Costello the job of taking your bookies out of the race track, and you paid him \$15,000 a year, a total of \$60,000 to date, and you got no report and requested no report, not even a report of progress; and yet you testified that you played on the golf links with him hundreds of times and in the course of this epoch of 4 or 5 years working there and, according to your statement, we understand you have never heard from Costello at all even in the pleasantries and good fellowship of the golf course of what he was doing and accomplishing; is that a fair picture?

Mr. LEVY. Well, it is in a general way substantially correct; but you have omitted the fundamentals, Senator; that's all.

Senator TOBEY. What was that? I wanted to be correct on that.

Mr. LEVY. And that is, the fundamental was that I wanted to appease Commissioner Downing; and when that name of Costello came up and that appeased Commissioner Downing, that satisfied me. And when Commissioner Downing was giving me no further complaints, I was immensely pleased with the situation. As a matter of fact, in turn I said to Costello, "Apparently, you're doing pretty good work. I am getting no further complaints."

He made no complaint that I can recall.

Senator TOBEY. You said that—

Mr. LEVY. Have you any idea, Senator, approximately what my fees were that were in jeopardy?

Senator TOBEY. No.

Mr. LEVY. Well, between \$200,000 and \$300,000 a year.

Senator TOBEY. The point remains, and it is my point in speaking as I do here, that it is a fantastic thing to say that a man, a lawyer with the acumen you must have, would pay out \$60,000 and expect no report back at all, and give the money to him blindly; that you would fix the price—a little payment, I would say—and never get back a report on how he operated at all, and in the end all you know is that Downing kept quiet about it.

Mr. LEVY. The conditions of the track indicated what was done. If Downing was quiet, presumably Costello was doing a good job.

Senator TOBEY. If I put out \$60,000, I want to know what is being done.

Mr. LEVY. Well—

Senator TOBEY. You had a delayed pass between you and Downing and Costello. You don't spend \$60,000 very often, do you?

Mr. LEVY. I don't spend that often, no. It was on that occasion. I explained that to you time and time again.

Senator TOBEY. You don't—

Mr. LEVY. Just a moment—

Senator TOBEY. Well, in my judgment, that is fantastic. It is fantastic of you to say that.

Mr. LEVY. Well, I do say it. I wish you were there—

Senator TOBEY. My point is that I would not pay out \$60,000 for a pig in the poke.

Mr. LEVY. Well, what would you do, get your license revoked?

Senator TOBEY. I would have gotten rid of them without using Costello.

Mr. LEVY. May I ask you a question?

Senator TOBEY. Yes.

Mr. LEVY. You are a lawyer?

Senator TOBEY. No, I am not.

Mr. LEVY. Then it is a little difficult to get the answer from you.

Senator TOBEY. Perhaps you can get it better that way.

Mr. LEVY. It is a question of law.

The CHAIRMAN. Well, Mr. Levy, direct your questions to both Senator Tobey and Senator O'Connor. Senator O'Connor is a very good lawyer.

Mr. LEVY. I would be very happy to address it to both of you gentlemen, both of whom are lawyers.

Let us assume that Commissioner Downing—and all he required was 5 days—had initiated a revocation proceeding on the ground that our track, as he honestly believed, was infested with bookies and other such characters, and we are asked to show cause why our license should not be revoked. And, understand, he is the chairman of the commission, and the law says that legal testimony is not required, not requisite, which means that hearsay will be allowed.

Now, when inspectors get on the stand, and they are the same people who are advising Commissioner Downing of the real or imaginary atrocious conditions, and they testify the place is infested, and that the management was warned—which was true—and Commissioner Downing could have said, "Don't we warn you time and time again that if you didn't control bookmaking, your license would be revoked? You have had any number of opportunities." And what would you have done?

The same condition prevailed, and the police department said, "We can't find the bookmakers"—

Senator TOBEY. Just a moment. Hold it right there, please.

Mr. LEVY. Yes.

Senator TOBEY. The question is that you said the police department said that they couldn't find the bookmakers. Is that the State police or the local police?

Mr. LEVY. The private police employed by the track, and when they make an arrest, they call in the county police.

Senator TOBEY. Who is over them?

Mr. LEVY. Whoever is out there over them.

Senator TOBEY. Then I would fire them.

Mr. LEVY. Who, the heads?

Senator TOBEY. The police. Clean house.

Mr. LEVY. If I am not mistaken, that offer was made—to pick any police they wanted in there.

Senator TOBEY. So that the very men you put in to enforce the law failed, and you went to a man named Costello, who was never known for his obedience to the law, and you give him \$60,000 to do a job that the legally constituted police couldn't do?

Mr. LEVY. Senator, I am not here to make speeches, but to give you the facts and advise you definitely of the emergency situation, and I was in the middle of a legal problem when you spoke up.

If I may proceed. Then, the inspectors testify that in their opinion, they aren't there, and our police say they can't find them, and the commissioner revokes our license.

Now, I make the definite challenge, as a matter of law, that no court, where the law provides that bookmaking is the specific reason for revocation of a license, that no court would have reversed the findings of Commissioner Downing and the commissioners. I make that definitely, and I would like to have any lawyer look up the law and see if that is not so. I believe that that is true, and after 5 years of plugging and trying, we find ourselves in jeopardy——

Senator TOBEY. How did you think Costello would do the job?

Mr. LEVY. It wasn't what I thought, but what he thought——

Senator TOBEY. You don't mean——

Mr. LEVY. I don't think they were there, to begin with. It was what the commissioner thought.

Senator TOBEY. You thought so to the extent of \$60,000 of your own money; didn't you?

Mr. LEVY. I did nothing of the kind.

Senator TOBEY. Well, you put \$60,000 into it——

Mr. LEVY. I explained that time and time again, Senator.

Senator TOBEY. It is a fact that——

Mr. LEVY. And I resent that, and I would like to know what you would have done.

Senator TOBEY. You can resent it until hell freezes over.

Mr. LEVY. I would like to know what you would have done in that case.

Senator TOBEY. I don't know what it was that was done. I am a cynic about the whole thing.

Mr. LEVY. Well, I would really like to have you express your idea of what you think it was for, and give me an opportunity to reply.

Senator TOBEY. Perhaps I will, before you get through.

Mr. LEVY. I would be very happy.

The CHAIRMAN. Anything else, Senator Tobey?

Senator TOBEY. No.

The CHAIRMAN. Senator O'Connor?

Senator O'CONNOR. No.

Mr. LEVY. Just a moment——

The CHAIRMAN. Mr. Levy, how many regular policemen did you employ at the tracks?

Mr. LEVY. We had, in 1946—I would be very happy to give you the figures.

The CHAIRMAN. Well, approximately.

Mr. LEVY. I would say approximately 70 or 75 in 1946. It has gone up since that time. Last year we had a little over a hundred.

The CHAIRMAN. At one track—at Roosevelt Raceway?

Mr. LEVY. At the same track; the two corporations operating these tracks used these policemen.

The CHAIRMAN. So you had 75 or 100 policemen and they weren't able to keep bookies out, so you got Costello to keep the bookies out and you sort of purposely didn't ask him how he was doing; is that about the size of it?

Mr. LEVY. You see, unfortunately you adopt the conclusion that they were there. I can't subscribe to that conclusion personally. I had complete faith in the head of that department. I don't mean to say it was entirely clean—don't misunderstand me—but I think the bookies who were there were substantially minor in number and I think the

inspectors tremendously exaggerated the condition and that Commissioner Downing believed the inspectors very thoroughly and that was the controversy and that presented the unusual emergency which called for an unusual solution.

The CHAIRMAN. Anyway, after you got Mr. Costello, the complaints fell off?

Mr. LEVY. That is definitely so.

The CHAIRMAN. Did you have Russell Sprague in as one of your—was he one of your stockholders in this matter?

Mr. LEVY. No; Russell Sprague is the chief executive of Nassau County. He at no time owned any stock in the Old Country Trotting Association, the pioneer trotting corporation, that is the one—when I said the pioneer, that is the one that we started with. When Cedar Point was formed there was my man, as I told you, Andrew Weston, the contractor there, he was a great friend of Russell Sprague, and Russell Sprague had part of the stock in the Cedar Point Trotting Association, which was the first tenant of Old Country. Before Cedar Point sold out completely, Sprague sold his interest back to Andy Weston of the stock that he had in that corporation, and as far as the Nassau Trotting Corp. is concerned, the successor which bought them out, Russell Sprague himself holds no stock, to my knowledge, in that corporation.

The CHAIRMAN. Well, Cedar Point was always giving you some trouble, weren't they, some possible trouble?

Mr. LEVY. Not after they started, Senator.

The CHAIRMAN. Before they got started?

Mr. LEVY. Before they started they were only giving trouble in that they were seeking a license of their own, and Andy Weston was down at Cedarhurst on a piece of property with around 20 or 25 acres. Then he finally learned that that was inadequate, that that was not enough property, and he bought the Cedar Point Golf Course at Cedarhurst, from which the Cedar Point derived its name, I think, and then he had a little bit better piece of property to make an application on, and public hearings were held in regard to the Cedar Point application for a license in the Pennsylvania Hotel in New York, and I think one up in Alabany.

The CHAIRMAN. Well, then your company bought them out?

Mr. LEVY. No, we didn't, Senator. Now let's not be confused.

The CHAIRMAN. What happened to the Cedar Point property?

Mr. LEVY. The Cedar Point sold out to a corporation known as the Nassau Trotting Association. That corporation was owned in part by a great many people. Mr. Edward Hutton owned an interest in that, Devereaux Milburn, Freddie Allen, Bob Hassel, of the Shock Absorber Co., all of whom were members down at Meadowbrook. Mr. Dowling came in as an observer at that time. He had no ownership in Cedar Point, and then a number of other people came in and bought in the Nassau Corp. I owned some stock in it at one time, but after a few controversies and what not, I didn't deem it advantageous to be in a conflicting position and sold whatever stock I had in that corporation. Besides, Cedar Point died out by sale finally and Nassau was substituted.

The CHAIRMAN. Well, now, let's see, what is the holding company for Roosevelt Raceways now?

Mr. LEVY. Well, Roosevelt Raceways is merely the name of the place, Senator. The owner of the land itself, Senator, is the Old Country Trotting Association. That is the pioneer company, that had a lease—finally acquired the fee. The tenant in there is the Nassau Trotting Association, which merely has the lease.

The CHAIRMAN. How many of these companies are you interested in—these racing companies, Mr. Levy?

Mr. LEVY. You mean as a stockholder?

The CHAIRMAN. As a stockholder and an officer.

Mr. LEVY. Well, I am president of the Nassau Trotting and don't own one share of stock in it. I own stock in Old Country Trotting Association.

The CHAIRMAN. Nassau Trotting Association takes in \$25,000,000 a year, something like that?

Mr. LEVY. Oh, you mean the handle?

The CHAIRMAN. Yes.

Mr. LEVY. I would say more than that. Just a moment. They operated 36 nights and I think they had the highest average, or a higher average than we had—that's right, yes, you are about right, I think about \$700,000 a night, Senator, which would be approximately \$25,000,000.

The CHAIRMAN. How much was your handle at Roosevelt?

Mr. LEVY. Our average was lower than that. I think our average, Senator, was approximately \$650,000 for the 78 nights that we operated.

The CHAIRMAN. And Yonkers was in the neighborhood of \$50,000,000—

Mr. LEVY. You mean the present Yonkers?

The CHAIRMAN. Yes.

Mr. LEVY. The present Yonkers has a higher handle than we do. I would assume they would have averaged around \$750,000 a day—somewhere in that vicinity.

The CHAIRMAN. How about Old Country?

Mr. LEVY. That is the one I was talking about. Old Country averaged \$650,000 for, roughly, call it 70 nights, so our handle was roughly, I would say, \$45,000,000 or thereabouts, and Nassau's handle was roughly about \$25,000,000, or approximately \$70,000,000.

The CHAIRMAN. All right; that's all.

Mr. LEVY. In the light of Senator Tobey's remark—and, Senator Tobey, I don't mean in any way to be acrimonious—

Senator TOBEY. I am sure you didn't, nor did I. We use language to convey thoughts, not to conceal them.

Mr. LEVY. But in the light of your remark, may I just say this? As part of your preliminary examination, when the Treasury Department was going over Old Country and Nassau stockholders, they were all produced, every single one, by the names shown in that book and endorsed. The dividend checks were all produced, deposited in the stockholder's individual account, and there apparently was no question about it at all.

Now, just one other thing arises—I didn't mean to say that, but, however, if there is any misconception here at all that the payment to Costello in any way represents a hidden or a secret ownership, I feel it my duty, as the attorney for Old Country and Nassau both, to try

and clarify it as much as I can. I think this simple illustration will illustrate it: If the \$50,000 wasn't paid as I maintain it was in—call it for 1946—the dividend of Old Country that year was \$10 a share; it would have represented a dividend, if one wants to think in that type of direction—do you follow me? On 1,500 shares of stock, that same 1,500 shares of stock in the year 1948 would have produced \$72,000, and in 1949 would have produced \$72,000, where the payments to this man were static. In other words, he was a hired man, just as I am telling you gentlemen.

Mr. HALLEY. Mr. Levy, just in the event that after Mr. Costello testifies we would want to clarify some matter, would you remain within call of the committee?

Mr. LEVY. I am sorry you told me that. I wanted to go back to Florida. If you want me to, I will.

Mr. HALLEY. Can you stay on for another few days?

Mr. LEVY. Suppose I call you in a couple of days.

Mr. HALLEY. Fine.

Mr. LEVY. Now, while I am here, the checks that were given to Costello, I have the stubs of these checks right here, and if you care to see them, which shows by my girl how they were entered on the records, exactly what the payments were for for each one of these checks, and if you would like to see one as an illustration, pick out any one you like, the first one of \$30,000—

The CHAIRMAN. I think we have already seen the checks, Mr. Levy.

Mr. LEVY. All right, then you are through with me excepting that something may come up?

The CHAIRMAN. Yes. Will you please be where we can reach you?

Mr. LEVY. I will be in my office in Mineola. Let me thank the commission.

(Witness excused.)

The CHAIRMAN. Call Mr. Erickson, please.

Will Mr. Erickson take the stand? Do you swear that the testimony you are about to give before this committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ERICKSON. Yes.

TESTIMONY OF FRANK ERICKSON, ACCOMPANIED BY HAROLD H. CORBIN, ATTORNEY, NEW YORK, N. Y.

The CHAIRMAN. Now, Mr. Erickson, who is your counsel?

Mr. CORBIN. My name is Harold H. Corbin, 30 Broad Street, Manhattan.

The CHAIRMAN. C-o-r-b-i-n?

Mr. CORBIN. That's right; and I would like to make, on behalf of my client, Mr. Erickson, a brief statement.

The CHAIRMAN. Very well. Proceed, Mr. Corbin.

Mr. CORBIN. I will use, if I may, the first pronoun as though my client was speaking and say: I am presently serving a jail sentence in connection with bookmaking charges in the State of New York; I am under other charges in the State of New Jersey; the Federal Government has filed income-tax fraud charges against me going back many years. My name has also been included in publicity emanating from this committee and referring to alleged Nation-wide racketeering syndicates.

In view of these facts I feel called upon for my own protection to refuse to answer any questions concerning my activities, since I have every reason to apprehend that any information given by me will be used against me in support of criminal charges both of a Federal and of a local nature.

The CHAIRMAN. All right, now, Mr. Corbin, counsel is instructed not to, and we will not ask any, Mr. Erickson, questions that refer to his being under income-tax investigation and that might incriminate him of a Federal offense in our judgment.

Under the rule of the *Hitchcock* case, with which you are familiar, he doesn't have the right to refuse to answer on that ground, on the ground of self-incrimination under the fifth amendment to the Constitution, a question that might incriminate him for some State offense.

But we will try to be considerate on that basis. The privilege he has against answering only applies to some that might incriminate him of a Federal offense.

If you will indicate the years his income tax is under investigation, that might help us in knowing just what questions we can ask of Mr. Erickson.

Mr. CORBIN. I haven't seen those papers, Senator.

The CHAIRMAN. Perhaps Mr. Erickson——

Mr. CORBIN. I don't know how far back they go. But may I confer with my client for a moment?

The CHAIRMAN. Mr. Halley, if you will bring it out in your questions.

Mr. CORBIN. Mr. Erickson tells me that they run back to 1936 and cover the period from 1936 on to the present time.

The CHAIRMAN. Is there any income-tax indictment against Mr. Erickson?

Mr. CORBIN. None that I have heard of.

The CHAIRMAN. Who has advised Mr. Erickson that your income tax is under investigation?

Mr. CORBIN. He says that the Federal Government and Federal authorities have so indicated.

Mr. HALLEY. Mr. Chairman, whether or not the witness' income tax is under investigation, he and any other witness may refuse to answer a question which, in his opinion, would incriminate him if he answered it.

With that proviso, I believe that the witness should be questioned.

If, when a particular question is asked, he can in good conscience and honestly say that in his opinion the answer would tend to incriminate him, then he has the right to refuse to answer it.

But the mere fact that a man is under an investigation for income tax, or for anything else in the world, does not give him the right to refuse to answer questions generally.

The CHAIRMAN. That is quite right. If he feels in good conscience that answering a question might incriminate him of a Federal offense, then we will sustain the objection.

Mr. CORBIN. May I make this observation: That any answers which he is inclined to answer on constitutional grounds, those questions, if followed by any answers, and those refusals to answer, will be, he claims, in good faith, honestly made, and not for the purpose of sham or of impeding this inquiry.

The CHAIRMAN. We will judge that as we go along, Mr. Corbin.

Mr. CORBIN. We think he is the best judge of that, Senator.

The CHAIRMAN. But, of course, we don't want any refusals based upon mere fantasy. It must be in connection with his fear that it would incriminate him of some specific Federal offense.

Mr. CORBIN. He says that he is under apprehension and under a real fear that answers may tend to incriminate him.

The CHAIRMAN. Let's get along, and we will see how we do.

Mr. HALLEY. What is your full name?

Mr. ERICKSON. Frank Erickson.

Mr. HALLEY. What is your business?

(No response.)

Mr. HALLEY. We can't hear you, Mr. Erickson.

Mr. ERICKSON. My business—I have no business; I am in jail.

Mr. HALLEY. What was your business prior to being convicted?

Mr. ERICKSON. I object on the grounds it might incriminate me.

Mr. HALLEY. Were you a bookmaker?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. You understand, Mr. Erickson——

The CHAIRMAN. Mr. Erickson, we can hardly hear you here. Will you speak just a little bit louder?

Mr. ERICKSON. Yes, sir.

Mr. HALLEY. Perhaps if you pulled that microphone closer; it is connected to a loud speaker.

You understand that your privilege against self-incrimination goes only to matters which would be a Federal offence and not matters which would be violations merely of State law. Do you understand that?

Mr. ERICKSON. I refuse to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Now I ask you again—and this time I will ask the chairman to direct the witness to answer—what business did you engage in prior to being convicted in 1950 in the State of New York of conspiracy?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Mr. Erickson, I know of no Federal law of which that would incriminate you, and you are directed to answer that question.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Where were you born, Mr. Erickson?

Mr. ERICKSON. New York City.

Mr. HALLEY. And when?

Mr. ERICKSON. 1986. I am 55 years old.

Mr. HALLEY. You mean 1896?

Mr. ERICKSON. That's right.

Mr. HALLEY. And, prior to being convicted in 1950 on a conspiracy charge, had you ever previously been convicted of crime?

Mr. ERICKSON. No.

Mr. HALLEY. You had, however, on a previous occasion, been accused of crime; is that correct?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. You will be directed to answer, Mr. Erickson.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Isn't it a fact, Mr. Erickson, that on May 6, 1939, you were arrested and charged with violation of section 1620, PL; and that you were discharged on that occasion?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Is it not a fact, Mr. Erickson, that on May 16, 1939, you were arrested on a charge of perjury?

Mr. ERICKSON. I refuse to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Do you remember having been acquitted of that charge on June 7, 1939?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Mr. Erickson, being acquitted of a charge certainly isn't incriminating you.

Mr. HALLEY. Mr. Erickson, do you recall on July 23, 1941, being charged with assault and battery with intent to kill?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. And do you recall on that occasion having been found not guilty in a jury trial?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Mr. Erickson, were you educated in the State of New York?

Mr. ERICKSON. Yes.

Mr. HALLEY. You went to the schools of New York?

Mr. ERICKSON. Yes.

Mr. HALLEY. How far did your education progress?

Mr. ERICKSON. About the fourth grade.

Mr. HALLEY. About the fourth grade?

Mr. ERICKSON. Yes.

Mr. HALLEY. And then what did you do? Did you go out to work?

The CHAIRMAN. Mr. Erickson, we still can't hear a thing you say. Speak up a little bit louder.

Mr. ERICKSON. All right.

Mr. HALLEY. What did you do, Mr. Erickson, on leaving school?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. You will be directed to answer. That has been a long time ago, I take it.

Mr. ERICKSON. I refuse to answer.

The CHAIRMAN. It must have been 1910 or 1911.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Mr. Erickson, did you ever engage in any legitimate occupation?

Mr. ERICKSON. I refuse to answer on the grounds it might incriminate me.

The CHAIRMAN. Just a minute. Let's not have any expressions, one way or the other, from our guests.

You will be directed to answer that question, Mr. Erickson.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Mr. Erickson, will you state any legitimate occupation in which you ever participated?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Will the chairman direct the witness specifically to answer that question?

The CHAIRMAN. Yes. You will be directed to answer that question, Mr. Erickson.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Mr. Erickson, have you ever had a connection with the Colonial Inn located in the State of Florida?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that the Colonial Inn was a gambling operation?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. Well, you are directed to answer these questions, Mr. Erickson. The Chair orders you to answer the questions.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. And did you not in the State of Florida operate horse books in contravention of the law of the State of Florida at the Roney Plaza Hotel?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. The Chair directs you to answer.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you ever enter into a lease with Mr. Meyer Schine, owner of the Roney Plaza Hotel, for a concession to operate a horse book at that hotel?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know Mr. John O'Rourke of West Palm Beach, Fla.?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. Well, the question is just whether you know Mr. O'Rourke, Mr. Erickson. You will be ordered to answer that question.

Mr. ERICKSON. I refuse. Yes; I know him.

Mr. HALLEY. You know Mr. O'Rourke?

Mr. ERICKSON. Yes.

Mr. HALLEY. Have you ever engaged in any business with Mr. O'Rourke?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Are you referring to incrimination under any Federal law?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Will the chairman direct the witness to answer the last two questions?

The CHAIRMAN. Yes. You will be directed to answer those questions.

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. I take it, then, Mr. Counsel, that we can have an understanding that no further specific direction is necessary or required after the witness refuses to answer.

Mr. CORBIN. That's all right, if we may also understand that the refusals are upon the same ground, and should he fail to be accurate in his description, it is understood that his refusals are upon the same ground that his answers might tend to incriminate him.

The CHAIRMAN. Yes; we will have that understanding, also.

Mr. CORBIN. Thank you.

Senator O'CONOR. To incriminate him of a Federal offense?

Mr. CORBIN. Well, when he says "incriminate," he means incriminate.

The CHAIRMAN. He doesn't specify whether it is Federal or State.

Senator O'CONOR. I just want to make it plain that that is it.

Mr. HALLEY. Now, Mr. Witness, have you had any connection with a business known as the Farm Casino in the State of Florida?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Were you not, in 1944, in partnership with Mr. Sam Gold and Mr. Jack Friedlander in the Farm Casino?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know Mr. Sam Gold?

Mr. ERICKSON. Yes.

Mr. HALLEY. Is it not a fact that Mr. Sam Gold is a bookmaker, if you know the fact?

Mr. ERICKSON. I don't know the fact.

The CHAIRMAN. What is that? I couldn't hear you.

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. I am not asking about you. I am asking about Mr. Gold.

Mr. ERICKSON. That is my answer.

Mr. HALLEY. Did you know Mr. Jack Friedlander?

Mr. ERICKSON. Yes.

Mr. HALLEY. What is his business?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know what his business is?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Will the chairman direct the witness again, or is it understood?

The CHAIRMAN. It is understood he is directed to answer.

Mr. CORBIN. That's right, Senator.

The CHAIRMAN. All right.

Mr. HALLEY. Weren't you, Gold, and Friedlander together in the Farm Casino operation?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. And in the Colonial Inn, weren't you in partnership with Adonis, Alo, and Blatt?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Have you ever engaged in business in the State of New Jersey?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Do you know Mr. Jack Lennon?

Mr. ERICKSON. I do.

Mr. HALLEY. Does he work for you?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Did Jack Lennon ever work for you?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you ever open a bank account in the name of Jack Lennon?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you ever hear of the Pennsylvania Exchange Bank of New York City?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Senator TOBEY. Mr. Halley, the witness testified in the Interstate Commerce Committee that that is where he banked his money in the business.

Mr. HALLEY. Apparently he feels a little more incriminated this time, Mr. Senator.

The CHAIRMAN. Don't you want to answer the question about whether you have had any business with the Pennsylvania Bank & Trust Co.?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Mr. Erickson, were you in the State of Florida in January of 1950?

The CHAIRMAN. What is your answer, Mr. Erickson?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. You mean merely being in Florida is incriminating?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. While you were there, did you see Frank Costello at the Sherry Frontenac?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Have you ever played golf with Frank Costello?

Mr. ERICKSON. Yes.

Mr. HALLEY. Where.

Mr. ERICKSON. On a lot of golf courses.

Mr. HALLEY. Many golf courses?

Mr. ERICKSON. Yes.

Mr. HALLEY. Had you ever played with Mr. George Morton Levy?

Mr. ERICKSON. Yes.

Mr. HALLEY. You played with both of them together?

Mr. ERICKSON. Yes.

Mr. HALLEY. And with a former revenue agent known as Shoenbaum?

Mr. ERICKSON. Yes.

Mr. HALLEY. You were more or less a constant foursome; is that right?

Mr. ERICKSON. Yes.

Mr. HALLEY. Where did you play as a foursome?

Mr. ERICKSON. Paumonok Golf Club.

Mr. HALLEY. Where?

Mr. ERICKSON. Paumonok Golf Club.

Mr. HALLEY. Any others?

Mr. ERICKSON. Yes.

Mr. HALLEY. Which other ones?

Mr. ERICKSON. Lakeville Golf Course.

Senator O'CONNOR. Mr. Erickson, just confining the question to golf and the four persons named by Mr. Halley, over what period of time would you say that that continued, the playing of golf together principally by the four of you? Just give us the period of time in which you did that.

Mr. ERICKSON. Mr. Senator, what has that got to do with interstate crime?

Senator O'CONNOR. That, of course, may lead to something, and you have already testified that you did it. I am just interested in knowing over what period of time it continued, if you have any idea of that.

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. During what years did you play golf in this foursome with Costello and Shoenbaum and Levy?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Did you play golf with George Morton Levy and Frank Costello during the year 1942?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Did you ever play golf with George Morton Levy during the year 1943?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Did you ever play golf with George Morton Levy during the year 1944?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. Mr. Erickson, we do not want to have any trouble with you, but it seems to me to be ridiculous that playing golf with somebody is going to incriminate you. We don't want to have any difficulty with you, Mr. Erickson, but we feel that that question—

Mr. ERICKSON. I want to show all due respect to the Senators.

The CHAIRMAN. But we feel that you have to answer that.

Mr. ERICKSON. I want to show all due respect to the Senators, but I don't see what that has to do with interstate crime.

The CHAIRMAN. That is for us to say, not you, Mr. Erickson.

Proceed Mr. Halley.

Mr. HALLEY. Do you want to answer those questions?

Mr. ERICKSON. If you have a purpose in asking the question I have a purpose in answering it.

I refuse to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. We can't hear you, Mr. Erickson.

Mr. ERICKSON. It is the same thing.

Mr. HALLEY. I think that Mr. Erickson is making the point that if the questions had nothing to do with crime, he should not answer, and if they had anything to do with crime, then it certainly would incriminate him.

The CHAIRMAN. Now, let us not have any demonstrations.

Go ahead with your questions, Mr. Halley.

Mr. HALLEY. Now, Mr. Erickson, did you ever make book in the State of Florida?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Do you know Mr. Abe Allenberg?

Mr. ERICKSON. Yes.

Mr. HALLEY. And has he represented you?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Do you know a Mr. Schrader?

Mr. ERICKSON. Yes.

Mr. HALLEY. What is his full name?

Mr. ERICKSON. Frank.

Mr. HALLEY. Frank Schrader?

Mr. ERICKSON. Yes.

Mr. HALLEY. Is he related to you?

Mr. ERICKSON. He is a distant relation.

Mr. HALLEY. Has he ever worked for you?

Mr. ERICKSON. I refuse to answer on the ground it might tend to incriminate me.

Mr. HALLEY. Isn't it a fact that you have had a crew making book at the race tracks in the State of Florida during the years 1944 to 1949?

Mr. ERICKSON. I refused to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Isn't it a fact that you have had a large bookmaking operation in the State of New Jersey?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Have you ever heard of the Home Movie Exchange?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Were you ever in Cliffside, N. J.?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Have you been active in any political work whatsoever, Mr. Erickson?

Mr. ERICKSON. No.

Mr. HALLEY. You are, however, a member of the National Democratic Club?

Mr. ERICKSON. I think so.

Mr. HALLEY. Have you ever made a political contribution?

Mr. ERICKSON. No.

Mr. HALLEY. Have you ever taken an active part in any political campaign?

Mr. ERICKSON. No.

Mr. HALLEY. Under what circumstances did you join the National Democratic Club?

Mr. ERICKSON. I joined it many years ago, as a social club.

Mr. HALLEY. Purely as a social activity?

Mr. ERICKSON. Right.

Mr. HALLEY. And you have, over a period of years, attended many functions of the club?

Mr. ERICKSON. Beefsteaks and outings, and things like that.

Mr. HALLEY. You are a rather regular attendant?

Mr. ERICKSON. At the beefsteaks and outings.

Mr. HALLEY. Has Mr. Frank Costello ever been your guest at the National Democratic Club?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Have you ever had any guests at the National Democratic Club?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. And you understand that you are directed by the chairman of the committee to answer those questions?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. Well, Mr. Counsel, it is our understanding, is it, that he knows he is directed to answer these questions?

Mr. CORBIN. I am sure he knows that, and he will make no question about it at any time in the future.

The CHAIRMAN. Do you understand that, Mr. Erickson?

Mr. ERICKSON. Yes, Senator.

Mr. CORBIN. He has heard your direction and knows that it applies that all these questions, or, rather, his refusal to answer—

Mr. HALLEY. Mr. Erickson, did you ever take any part in local politics in the city of New York?

Mr. ERICKSON. No.

Mr. HALLEY. Did you ever attempt to help anybody become a leader of Tammany Hall?

Mr. ERICKSON. No.

Mr. HALLEY. Did you know the late Mike Kennedy?

Mr. ERICKSON. Yes.

Mr. HALLEY. Whose full name, I believe, was Michael J. Kennedy?

Mr. ERICKSON. Yes.

Mr. HALLEY. And did you ever discuss with Michael J. Kennedy the question of his becoming a leader of Tammany Hall?

Mr. ERICKSON. No.

Mr. HALLEY. Did Kennedy ever speak to you about his aspirations to become leader?

Mr. ERICKSON. No; never did speak to me.

Mr. HALLEY. Did you ever attend prize fights at Madison Square Garden?

Mr. ERICKSON. Yes.

Mr. HALLEY. Did you ever meet Mike Kennedy at the prize fights at Madison Square Garden?

Mr. ERICKSON. It is possible. I don't recall. But I met many, many people at the fights.

Mr. HALLEY. Now, you knew Mike Kennedy?

Mr. ERICKSON. Yes.

Mr. HALLEY. Isn't it a fact that in 1942 the leadership of Tammany Hall became vacant?

Mr. ERICKSON. I wouldn't recall that.

Mr. HALLEY. It might be a fact, though?

Mr. ERICKSON. That's right.

Mr. HALLEY. Isn't it a fact that Mike Kennedy, at the prize fights at Madison Square Garden, and you, had a discussion of the leadership of Tammany Hall?

Mr. ERICKSON. No.

Mr. HALLEY. That is not a fact?

Mr. ERICKSON. That's right.

Mr. HALLEY. Do you recall whether or not you asked Mike Kennedy whether he was making any progress?

Mr. ERICKSON. I don't recall that; no.

Mr. HALLEY. You deny that?

Mr. ERICKSON. I deny it.

Mr. HALLEY. Do you recall Kennedy's saying, "The only progress I am making is backward?"

Mr. ERICKSON. I don't recall that.

Mr. HALLEY. And his saying that instead of a third of a vote, he had only a sixth of a vote?

Mr. ERICKSON. I don't recall.

Mr. HALLEY. Didn't you tell Kennedy, "How would you like to meet a man who has six votes?"

Mr. ERICKSON. No.

Mr. HALLEY. Well, you know that Frank Costello did support Mike Kennedy in 1942?

Mr. ERICKSON. I don't know that.

Mr. HALLEY. You do not know that?

Mr. ERICKSON. No.

Mr. HALLEY. Did you ever read it anywhere?

Mr. ERICKSON. No.

Mr. HALLEY. Did you ever discuss it with Frank Costello?

Mr. ERICKSON. No.

Mr. HALLEY. You knew Frank Costello in 1942?

Mr. ERICKSON. Yes.

Mr. HALLEY. And did you see him often in 1942?

Mr. ERICKSON. I seen him often; yes.

Mr. HALLEY. Where did you see him?

Mr. ERICKSON. Here and there, all over.

Mr. HALLEY. Well, for instance?

Mr. ERICKSON. In the street, here and there.

The CHAIRMAN. Speak a little louder, please, Mr. Erickson.

Mr. ERICKSON. I saw him all over.

Mr. HALLEY. Well, you just don't bump into people in the street. You saw him at the Waldorf?

Mr. ERICKSON. Yes.

Mr. HALLEY. At the barber shop?

Mr. ERICKSON. Yes.

Mr. HALLEY. And at the North Grill of the Waldorf?

Mr. ERICKSON. Yes.

Mr. HALLEY. Did you ever see him at the Biltmore?

Mr. ERICKSON. Yes.

Mr. HALLEY. Did you ever see him at the Garden Club?

Mr. ERICKSON. Yes.

Mr. HALLEY. Did you play any golf with him?

Mr. ERICKSON. That's right.

Mr. HALLEY. How often did you play golf with him?

Mr. ERICKSON. I don't know.

Mr. HALLEY. Fairly frequently?

Mr. ERICKSON. Yes.

Mr. HALLEY. With him and George Morton Levy?

Mr. ERICKSON. Yes.

Mr. HALLEY. Was it quite a common occurrence?

Mr. ERICKSON. Yes.

Mr. HALLEY. More than once a week?

Mr. ERICKSON. Sometimes once a week, or sometimes twice a week. I don't recall.

The CHAIRMAN. Mr. Erickson, you are a great big man. Please don't talk in a whisper. We can't hear you. Please speak up a little bit.

Mr. HALLEY. You say you played sometimes once a week; is that right?

Mr. ERICKSON. Sometimes twice a week.

Mr. HALLEY. Speak a little louder. Try.

Sometimes twice a week?

Mr. ERICKSON. That's right.

Mr. HALLEY. And sometimes every 2 weeks.

Mr. ERICKSON. That's right.

Mr. HALLEY. But it was a constant thing, this golf?

Mr. ERICKSON. That's right.

Mr. HALLEY. You and Costello.

Mr. ERICKSON. That's right.

Mr. HALLEY. And Levy?

Mr. ERICKSON. That's right.

Mr. HALLEY. And was Shoenbaum generally there?

Mr. ERICKSON. Many times; yes.

Mr. HALLEY. And that continued through 1943?

Mr. ERICKSON. That's right.

Mr. HALLEY. About the same way?

Mr. ERICKSON. Off and on, you know.

Mr. HALLEY. But it was almost a regular date; is that right?

Mr. ERICKSON. That's right.

Mr. HALLEY. 1944?

Mr. ERICKSON. That's right.

Mr. HALLEY. Until when did you continue this golf? Right up to the time of your conviction?

Mr. ERICKSON. That's right.

Mr. HALLEY. Right up to 1949 and 1950?

Mr. ERICKSON. That's right.

Mr. HALLEY. You and Costello and Levy continued playing golf?

Mr. ERICKSON. That's right.

Mr. HALLEY. Didn't you tell Mike Kennedy that you could introduce him to a man with six votes?

Mr. ERICKSON. No.

Mr. HALLEY. In the Tammany committee?

Mr. ERICKSON. No.

Mr. HALLEY. And didn't you, in fact, send Mike Kennedy to the Madison Hotel to meet Frank Costello?

Mr. ERICKSON. No.

Mr. HALLEY. If Mike Kennedy told that story specifically to somebody, would you say that Mike Kennedy was wrong?

Mr. ERICKSON. Yes.

Mr. HALLEY. You have no recollection of that having happened?

Mr. ERICKSON. I have a recollection that it didn't happen.

Mr. HALLEY. There is no doubt in your mind, is there, that Costello did support Mike Kennedy?

Mr. ERICKSON. I wouldn't know.

Mr. HALLEY. But if he did, you had nothing whatsoever to do with it?

Mr. ERICKSON. That's right.

Mr. HALLEY. Well, why were you interested in the National Democratic Club as a social club? What particular facility did it have that made it attractive to you?

Mr. ERICKSON. Well, you know how people solicit you to join a club, and you say "Fine," and they say, "We will have a nice time down there, and have a few drinks"; and I joined it.

The CHAIRMAN. Speak a little louder, please, Mr. Erickson.

Mr. HALLEY. You mean you just joined it to have a few drinks and a meal; is that right?

Mr. ERICKSON. A social club.

Mr. HALLEY. And did you ever talk politics to anyone down there?

Mr. ERICKSON. No, nobody talked politics to me.

Mr. HALLEY. Did anyone ever ask you for political advice?

Mr. ERICKSON. No.

Mr. HALLEY. Do you remember whether Joseph B. Lascanzo ever asked you for political advice?

Mr. ERICKSON. No, no.

Mr. HALLEY. Did you ever talk politics to Frank Costello?

Mr. ERICKSON. No.

Mr. HALLEY. At no time?

Mr. ERICKSON. At no time.

Mr. HALLEY. Now, what other clubs do you belong to for social purposes besides the National Democratic Club?

The CHAIRMAN. Well, give us any that you can think of right off. Let us get on.

Mr. ERICKSON. I can't think of any right now.

Mr. HALLEY. In 1949 did you file an income-tax return indicating that your net income for the year was \$132,000?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Did you file an income-tax return in 1949?

Mr. ERICKSON. I did.

Mr. HALLEY. Did you file one in 1948?

Mr. ERICKSON. I did.

Mr. HALLEY. Do you remember what you filed as your net income for that year?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Was it \$169,000 in 1948?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. In 1937 did you file an income tax return indicating a net income of \$194,000?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. I am not asking you if that was the income. I am simply saying that was the figure filed on your return.

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. You understand your return is a matter of record in any event?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. In 1946 did you file an income-tax return showing an income of \$184,000?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you have an interest in the Park Avenue-Fifty-ninth Street Corp.?

Mr. ERICKSON. I do.

Mr. HALLEY. And what does that corporation operate?

Mr. ERICKSON. It owns the building and it operates, at this time, it is operating a theater and stores and the rental of the building.

Mr. HALLEY. What is the name of that theater?

Mr. ERICKSON. Park Avenue Theater.

Mr. HALLEY. And who are your coowners in that enterprise?

Mr. ERICKSON. Walter Reed and his family.

Mr. HALLEY. Walter Reed and his family?

Mr. ERICKSON. Yes.

Mr. HALLEY. Are there any others?

Mr. ERICKSON. My brother and—

Mr. HALLEY. Please speak up.

The CHAIRMAN. Your brother and who else?

Mr. ERICKSON. And Walter Reed's family.

Mr. HALLEY. Your brother and Walter Reed's family?

Mr. ERICKSON. That's right.

Mr. HALLEY. What other property besides the Park Avenue Theater does the Park Avenue-Fifty-ninth Street Corp. own?

Mr. ERICKSON. I refuse to answer on the ground it might tend to incriminate me.

Senator TOBEY. Mr. Erickson, just one question.

Mr. ERICKSON. Surely.

Senator TOBEY. If you were lost in the woods somewhere out in the country, and the shades of night were falling fast, and the owls began to hoot and the eerie stones of night gathered around and you wanted a helping hand, would you speak no louder than that, or would you holler as loud as you could?

Mr. ERICKSON. The last time I spoke to you, Senator, I spoke too loud.

The CHAIRMAN. You mean you think if you hadn't spoken so loud to Senator Tobey you might be better off today?

Mr. ERICKSON. Yes.

Senator TOBEY. We didn't use you very badly down there.

Mr. ERICKSON. You assured me nothing could happen to me.

Senator TOBEY. I beg your pardon?

Mr. ERICKSON. I say, you assured me nothing could happen to me.

The CHAIRMAN. Well, Senator Tobey didn't do anything to you?

Mr. ERICKSON. No; he is a good Senator.

The CHAIRMAN. Well, that is the first good answer you have given today, that he is a good Senator.

Mr. ERICKSON. Thank you.

Mr. CORBIN. A lot of good refusals to answer, though.

Mr. HALLEY. Did you ever lend any money to Frank Costello?

Mr. ERICKSON. I refuse to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Did you, during the year 1946, lend Frank Costello \$25,000?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

Mr. HALLEY. Did you, during the year 1947?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you not, during the years of 1946 and 1947, borrow \$100,000 from the Pennsylvania Exchange Bank, or one of its officers?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you remember borrowing or receiving \$100,000 in cash from the head of the Pennsylvania Exchange Bank, Mr. Gallagher?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know William Gallagher?

Mr. ERICKSON. Yes, sir.

Mr. HALLEY. Have you ever had a bank account in the Pennsylvania Exchange Bank?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Isn't it a fact that you have had several bank accounts in that bank under false names?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Have you ever had an interest in the Anderson Galleries?

Mr. ERICKSON. Well, that is the same corporation.

Mr. HALLEY. The same corporation?

Mr. ERICKSON. That owns the Park Avenue.

Mr. HALLEY. Another property, though, is it not?

Mr. ERICKSON. It is the same property. Originally it was the Anderson Galleries.

Mr. HALLEY. Then you built the theater?

Mr. ERICKSON. That's right.

Mr. HALLEY. Now, are you in the oil business?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you ever go into an oil venture with Frank Costello?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you ever hear of the Bruil Petroleum Corp.?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Is it not a fact that you approached Frank Costello in the barber shop at the Waldorf Astoria, and asked him whether or not he would go into an oil venture with you?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Senator O'CONOR. Mr. Chairman, might I just interrupt the proceedings to make one observation. It is this:

That certainly the witness has shown a contemptuous attitude. He is guilty, unquestionably, in the opinion of one of the members of the committee, of a direct and an outrageous affront to the United States Senate because, by no stretch of the imagination, could the constitutional safeguards ever have been intended to allow a witness to come before a duly constituted Senate committee and impede its efforts, and to frustrate the purpose for which it was sent here from Washington to do.

Consequently, I think the witness ought to be cited for contempt. He has violated, is violating, and apparently intends to continue to violate every rule and requirement by which this Senate committee is vested with authority to conduct investigations for the United States Senate, and for its action. And certainly it seems a waste of time. He is impeding and obstructing the functioning of this committee. If this is going to continue in regard to matters which, under no conceivable stretch of the imagination, can incriminate him, matters of record, matters concerning others with which he has nothing to do, conceivably, I certainly feel that this investigation will be rendered useless and futile if this is to continue.

Inasmuch as he is the first witness who has undertaken to manifest this attitude, I think, Mr. Chairman, in all due respect, that this is timely, and I should like here and now to lay before this committee, and for the consideration of the chairman at a later time, in the committee, a motion that this witness be cited for contempt of the Senate.

The CHAIRMAN. Senator O'Connor, I think your remarks are well stated, and certainly accurate.

I have been hoping all along that Mr. Erickson might relent and give the committee some information. But if he doesn't do any better than he has up to this point, we will, of course, have no alternative but to take the action that you suggest.

Let's proceed on a while, and then after the afternoon meeting we will have an executive session and determine what we will do; and your motion will be made at that time.

But, as we are going now, Mr. Halley, there doesn't seem to be much necessity of asking Mr. Erickson many more questions.

Mr. HALLEY. In fact, Mr. Chairman, I had about come to the conclusion that there were no other subject matters which I cared to enter into with the witness refusing to answer.

The CHAIRMAN. You will proceed on with any further questions you have.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. ERICKSON. Yes.

Mr. HALLEY. Have you ever had any business relationships with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Phil Kastel?

Mr. ERICKSON. Yes.

Mr. HALLEY. Have you ever had any business relationships with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know whether or not both of these men are professional gamblers?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Willie Moretti?

Mr. ERICKSON. Yes.

Mr. HALLEY. Have you ever had any business relationships with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Solly Moretti?

Mr. ERICKSON. Yes.

Mr. HALLEY. Have you ever had any business relationships with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Rocco Fischetti?

Mr. ERICKSON. I don't believe so.

Mr. HALLEY. Do you know Charles Fischetti?

Mr. ERICKSON. I know him by sight. I know him to see, you know.

Mr. HALLEY. Have you ever had any business relationships with Charles Fischetti?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Mickey Cohen?

Mr. ERICKSON. No.

Mr. HALLEY. Did you know Benjamin "Bugsy" Siegel?

Mr. ERICKSON. No.

Mr. HALLEY. Do you know Tony Accardo?

Mr. ERICKSON. No.

Mr. HALLEY. Do you know Mert Wertheimer?

Mr. ERICKSON. I know him by sight. If I saw him on the street, I would know him.

Mr. HALLEY. Wasn't he a partner of yours in the Colonial Inn?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Joe Massei?

Mr. ERICKSON. I know him by sight.

Mr. HALLEY. When you say you know him by sight, do you intend to indicate that you have no personal relationship with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Is he from Detroit? Is that Joe Massei from Detroit?

Mr. HALLEY. That is Joe Massei from Detroit.

You know him, don't you?

Mr. ERICKSON. I know him by sight; yes.

Mr. HALLEY. Haven't you been in business with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know William Bischoff, who is generally called Lefty Clark?

Mr. ERICKSON. I know him by sight; yes.

Mr. HALLEY. Well, he has been a partner of yours, has he not?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you know Little Augie Pisano?

Mr. ERICKSON. Yes.

Mr. HALLEY. Were you ever in business with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Did you know Al Capone?

Mr. ERICKSON. No.

Mr. HALLEY. Did you know Charles "Lucky" Luciano?

Mr. ERICKSON. No.

Mr. HALLEY. Do you know John Patton?

Mr. ERICKSON. Yes.

Mr. HALLEY. He was a partner of yours in the Tropical Park Race Track; was he not?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Well, did you ever own any interest in any race track in Florida?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. Senator O'Connor?

Senator O'CONNOR. No further questions.

The CHAIRMAN. Mr. Erickson, did Costello speak to you about keeping the bookies away from Roosevelt Raceway?

Mr. ERICKSON. I don't recall.

The CHAIRMAN. Did he ever talk with you about the bookie problem out there?

Mr. ERICKSON. I don't recall him ever talking about that.

The CHAIRMAN. Would you remember if he had?

Mr. ERICKSON. I wouldn't remember.

The CHAIRMAN. Did you have anyone operating at the Roosevelt Raceway?

Mr. ERICKSON. No.

The CHAIRMAN. You didn't do any business there at all?

Mr. ERICKSON. No.

The CHAIRMAN. This Park Theater property, didn't you loan Mr. Reed the money to buy a good part of that?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. What interest in the corporation did you have?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. I mean, the percentage interest, not the amount of money you have in it. Half of it, or a third of it?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. You won't tell us about your oil holdings in Texas and other places?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Did you send Abe Allenberg, Mr. Erickson, down to Florida to represent you in any matters?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Has he ever represented you?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. He was a New York attorney, wasn't he?

Mr. ERICKSON. Yes.

The CHAIRMAN. And was he your attorney when he was in New York?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Were you in business at the Wofford Hotel with Mr. Allenberg?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Do you know Carroll out in St. Louis?

Mr. ERICKSON. Yes.

The CHAIRMAN. Jimmy Carroll?

Mr. ERICKSON. Yes.

The CHAIRMAN. Did you ever do any business with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Do you know Rosenbaum down in Cincinnati?

Mr. ERICKSON. I know him, yes.

The CHAIRMAN. Did you ever do any business with him?

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Can you tell us anything about how these basketball pools work, Mr. Erickson? Can you tell us anything about them?

Mr. ERICKSON. I couldn't tell you anything about them.

The CHAIRMAN. You could tell us.

Mr. ERICKSON. It seems I didn't know very much about it after what I read in the newspapers.

The CHAIRMAN. How is that—it seems you didn't know much about it?

Mr. ERICKSON. You read the newspaper; haven't you?

The CHAIRMAN. Yes; but I haven't read anything much about you in connection with it.

Mr. ERICKSON. That's why I say I didn't know anything about it.

The CHAIRMAN. Tell us how they work—just what you professionally know about it.

Mr. ERICKSON. I refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. I am not asking about what you did. I am asking about how basketball pools work.

Mr. ERICKSON. I would refuse to answer on the grounds it might tend to incriminate me.

The CHAIRMAN. Did you know any of these people that were involved in this basketball matter?

Mr. ERICKSON. No, no.

The CHAIRMAN. Did you handle any lay-off or book any bets on basketball games?

Mr. ERICKSON. I refuse to answer on the grounds that it might tend to incriminate me.

The CHAIRMAN. Did you ever fix a basketball player?

Mr. ERICKSON. No.

The CHAIRMAN. You never did that?

Mr. ERICKSON. No.

The CHAIRMAN. Do you know this fellow, Salvatore Sallazzo?

Mr. ERICKSON. No.

The CHAIRMAN. You never saw him?

Mr. ERICKSON. No.

The CHAIRMAN. You don't know him at all?

Mr. ERICKSON. No.

The CHAIRMAN. Anything else, Mr. Halley?

Mr. HALLEY. Not from this witness.

The CHAIRMAN. Senator Tobey, do you want to ask Mr. Erickson questions? You asked him some very good ones when he was before your committee before.

Senator TOBEY. I don't want to ask any questions. I just want to make an observation.

As I sat here and listened to the testimony of the witness, 99½ percent of which consisted of saying, "I refuse to answer on the ground that it might tend to incriminate me," I looked out at the Hudson River and the beauty on this side, and I thought of America and New York and all the liberties under the Constitution. I just thought how Frank Erickson, when he walks out of this courtroom today, goes to his home—or, back to his temporary abiding place—ought to sing

a Te Deum in his heart and say, "Thank God, this hearing isn't being held in Soviet Russia."

Mr. ERICKSON. I do; I do.

Senator TOBEY. You know what would happen to you, don't you, there, pronto? That is said in the best of feeling.

The CHAIRMAN. You don't want to change your mind and really tell us some information which would be very useful, do you, Mr. Erickson?

Mr. ERICKSON. I have no information.

The CHAIRMAN. There would be a lot of things you could tell us about which would be of great interest.

Mr. ERICKSON. I am sure I have nothing.

Senator O'CONOR. Mr. Erickson, what I said previously was not said with any intimidation or to force you to testify. It was, however, and is in an endeavor to give you the opportunity to state what you know regarding others, if not about yourself, and about matters which will not tend to incriminate you but which you unquestionably know about others. And again I repeat that by refusing to do so, you are not only giving a direct and an outrageous affront to the United States Senate, but you are attempting to nullify all that this committee is undertaking to do. And for that reason, I think unquestionably, if you persist in your attitude, you are guilty of contempt of the United States Senate; and it is only because of the fact I feel a man ought to be advised of what opportunity he might have before he repeats that refusal that I make that comment before you leave the stand rather than after you leave the stand. I hope you understand that.

Mr. ERICKSON. I have no reply, Mr. Senator.

The CHAIRMAN. All right, that is all, Mr. Erickson, and Mr. Corbin.

I think I should tell you before you leave, however, that this is in subcommittee now, but later on today the committee will meet, and I have consulted with our two colleagues who are here, and we hate to have any trouble with you, Mr. Erickson, but you leave us no alternative but to do what we can to protect the integrity of the Senate against witnesses like you, who, without any logic at all—at least, as to most of the questions—just refuses to give us any information.

Mr. ERICKSON. Thank you, sir.

The CHAIRMAN. All right, sir.

(Mr. Corbin and Mr. Erickson were excused.)

Mr. HALLEY. The next witness is Charles Lipsky.

The CHAIRMAN. Suppose we have a 10-minute recess before we proceed with this witness.

(A 10-minute recess was taken.)

The CHAIRMAN. The committee will come to order. Mr. Lipsky, come around. Mr. Lipsky, will you stand up, sir?

Do you solemnly swear that the testimony you will give the committee will be the whole truth and nothing but the truth, so help you God?

Mr. LIPSKY. Yes.

The CHAIRMAN. Gentlemen, until we can get into our new hearing room we will have to do the best we can here to keep it very quiet. All right, Mr. Halley.

TESTIMONY OF CHARLES LIPSKY, LONG ISLAND, N. Y.

Mr. HALLEY. What is your full name?

Mr. LIPSKY. Charles Lipsky, L-i-p-s-k-y.

Mr. HALLEY. And your address?

Mr. LIPSKY. 148-04 Rockaway Beach Boulevard.

Mr. HALLEY. What is your business?

Mr. LIPSKY. Well, I have been in the real-estate and investment business over the years but am retired; not active.

Mr. HALLEY. You previously have been in the finance business?

Mr. LIPSKY. Yes.

Mr. HALLEY. Discounting paper for various commercial organizations?

Mr. LIPSKY. That is correct.

The CHAIRMAN. Mr. Lipsky, we can hardly hear you. Will you please speak a little louder?

Mr. LIPSKY. I will speak louder. Excuse me.

Mr. HALLEY. Try to move up closer to the microphone. There is an amplifier—

The CHAIRMAN. I don't think these are loudspeakers, so I think you will just have to talk a little louder.

Mr. HALLEY. There is an amplifier in the room, Mr. Chairman.

The CHAIRMAN. Oh, there is? All right.

Mr. HALLEY. Now, Mr. Lipsky, how long have you known former Mayor O'Dwyer?

Mr. LIPSKY. Close to 20 years, I think.

Mr. HALLEY. Since about 1931?

Mr. LIPSKY. That's about right.

Mr. HALLEY. At that time he was a magistrate?

Mr. LIPSKY. Correct.

Mr. HALLEY. How did you happen to meet him?

Mr. LIPSKY. I met him at Gage & Tollner's Restaurant in Brooklyn.

Mr. HALLEY. He did not become a good friend of yours until many years later; is that right?

Mr. LIPSKY. That is correct.

Mr. HALLEY. During the period around 1945 you and the former mayor were very close friends; is that right?

Mr. LIPSKY. I felt that way.

Mr. HALLEY. He visited you at your home almost every evening; did he not?

Mr. LIPSKY. Yes.

Mr. HALLEY. Even during the campaign; is that correct?

Mr. LIPSKY. Yes; that's correct.

Mr. HALLEY. And he sought your political advice?

Mr. LIPSKY. Well, we discussed things.

Mr. HALLEY. You discussed politics?

Mr. LIPSKY. Yes.

Mr. HALLEY. Prior to that, in 1941, had you supported him?

Mr. LIPSKY. No.

Mr. HALLEY. Who had you supported in 1941?

Mr. LIPSKY. LaGuardia.

Mr. HALLEY. LaGuardia.

Mr. LIPSKY. Yes.

Mr. HALLEY. Your politics have been, well, you have been on the other side of the fence from O'Dwyer generally; have you not?

Mr. LIPSKY. Well, I wouldn't say that, but in 1941, as you say, I did all I could to elect LaGuardia mayor.

Mr. HALLEY. By and large you have been a Republican?

Mr. LIPSKY. Yes.

Mr. HALLEY. Now, after O'Dwyer was elected, at the end of 1945, did he ask you to perform a service for him?

Mr. LIPSKY. Yes.

Mr. HALLEY. And what was that service?

Mr. LIPSKY. Well, it was during the campaign, one of the evenings he stopped at the house and we discussed the things he did during the evening, campaigning, and he said, "By the way," he says, "I had an unusual experience today."

I said, "What was it?"

He said, "Mrs. Roosevelt called at the Commodore," that was the campaign——

Mr. HALLEY. Could you talk a little louder? I don't believe even the members of the committee are able to hear you.

Mr. LIPSKY. Yes. He told me that he had a visit from Mrs. Roosevelt——

The CHAIRMAN. From whom?

Mr. LIPSKY. Mrs. Eleanor Roosevelt, and she told him that he was going to be elected by a large majority, and after he is elected she thought he would be a greater man if he cleaned out Tammany. That was about the time he departed to go home. He lived about five blocks away from my house.

Mr. HALLEY. You mean he told you that one evening at your home?

Mr. LIPSKY. Yes; and his reply, he told me, was, as the President couldn't do it, when he was Governor, he couldn't do it; that was quite a contract that she was handing him.

She said, "No, General; you are a great man and you can do it. You will be a greater man when you accomplish it." That was the full talk on that subject.

Mr. HALLEY. But did he do anything about it after he was elected?

Mr. LIPSKY. Yes.

Mr. HALLEY. What did he do?

Mr. LIPSKY. He called me up and asked me to come in to see him.

Mr. HALLEY. When was this? Can you place the time?

Mr. LIPSKY. Well, it was in 1946. The weather was a little warm, I remember that, and I went to see him and he said, "I would like to have you go up and see those boys up in the Copacabana——"

Mr. HALLEY. Now, where was this conversation? At City Hall?

Mr. LIPSKY. At City Hall, at City Hall.

Mr. HALLEY. And he told you he would like you to go see those boys in the Copacabana?

Mr. LIPSKY. That's right.

Mr. HALLEY. Go ahead, please.

Mr. LIPSKY. And give them the message that I want them to supplant the leader of Tammany Hall, and also to revoke the rule of the synthetic votes.

I told him that I thought it was foolish to inject himself into a thing of that sort, that he would have an awful lot to do with being mayor.

Mr. HALLEY. Who was then leader of Tammany Hall?

Mr. LIPSKY. Loughlin.

Mr. HALLEY. And what was the synthetic vote?

Mr. LIPSKY. Well, those are the votes that the leader of the party, in appointing committees—the finance committee or the election committee, and so forth, makes. They aren't elected during a primary, but, for the work they do, they get that privilege of becoming a voter in the executive committee.

Mr. HALLEY. And in that way a small group of insiders could and did control Tammany Hall; is that right?

Mr. LIPSKY. That is my idea of it.

Mr. HALLEY. Did Mr. O'Dwyer tell you anything else at that time?

Mr. LIPSKY. He said if they didn't accede to it, this request of his, he would starve them out of patronage.

Mr. HALLEY. You mean he would not give them any patronage?

Mr. LIPSKY. That's right.

Mr. HALLEY. And was there any further conversation?

Mr. LIPSKY. I told him I was reluctant about performing that errand.

He said, "Now, go ahead. You do it." And I went up.

Mr. HALLEY. Where did you go?

Mr. LIPSKY. To the Copacabana.

Mr. HALLEY. How soon after your talk with O'Dwyer did you go to the Copacabana?

Mr. LIPSKY. The next day.

Mr. HALLEY. Did you have an appointment?

Mr. LIPSKY. No.

Mr. HALLEY. You just went there without previously phoning anybody or making any arrangement; is that right?

Mr. LIPSKY. That's correct.

Mr. HALLEY. Whom did you find in the Copacabana?

Mr. LIPSKY. Well, I was told to go—when he said "The boys," he said, "I warn you to dig up that fellow, Clarence Neal, and deliver the order to him."

Mr. HALLEY. You mean Clarence Neal?

Mr. LIPSKY. That's right.

Mr. HALLEY. Did O'Dwyer tell you what time to go?

Mr. LIPSKY. No.

Mr. HALLEY. He just said, "Go up to the Copacabana?"

Mr. LIPSKY. That's right.

Mr. HALLEY. And you just decided to go the following afternoon; is that right?

Mr. LIPSKY. That's right.

Mr. HALLEY. And you arrived there between 3 and 4 p. m.; is that right?

Mr. LIPSKY. That's right.

Mr. HALLEY. And with no previous appointment at all?

Mr. LIPSKY. That's right.

Mr. HALLEY. Was Neal there?

Mr. LIPSKY. Yes.

Mr. HALLEY. Did you know him?

Mr. LIPSKY. Yes; by sight.

Mr. HALLEY. Did you walk over to him?

Mr. LIPSKY. Yes.

Mr. HALLEY. Or did you have him paged?

Mr. LIPSKY. No; I went right over to him.

There is a room there known as the lounge, where the bar is, with the different tables there, you know, and also the boxes, like you sit around; and I approached him and delivered the message that the mayor told me to deliver.

Mr. HALLEY. To Neal?

Mr. LIPSKY. Clary Neal, yes.

Mr. HALLEY. Was there anybody else present when you delivered that message to Neal?

Mr. LIPSKY. There was quite a number of people present, quite a number.

Mr. HALLEY. Well, was there anybody with Neal and with you?

Mr. LIPSKY. Well, when I delivered the message quietly to Neal, he called over a couple of—well, two or three people, to listen to it.

Mr. HALLEY. And who were the people called?

Mr. LIPSKY. I think Judge Mancuso was one.

Mr. HALLEY. Francis Mancuso?

Mr. LIPSKY. Yes. And sitting right here by this table was Frank Costello.

Mr. HALLEY. And was he one of the people who listened to you?

Mr. LIPSKY. Well, he repeated to those two what I had conveyed to him.

Mr. HALLEY. You mean Neal repeated to Mancuso and Costello—

Mr. LIPSKY. Yes.

Mr. HALLEY. What you said to Neal?

Mr. LIPSKY. Yes.

Mr. HALLEY. Was anybody else there?

Mr. LIPSKY. Well, as I said before, there was quite a number of men there, in their own little parties.

Mr. HALLEY. I mean in the particular little group you were addressing yourself to?

Mr. LIPSKY. Well, I didn't take particular notice as to any.

Mr. HALLEY. The ones you noticed were Neal, Mancuso, and Costello?

Mr. LIPSKY. Yes.

Mr. HALLEY. And did you receive any reply to your message?

Mr. LIPSKY. Well, Mr. Neal was very indignant about it and used language that was rough.

Mr. HALLEY. In effect, he said, "No"; is that right?

Mr. LIPSKY. Correct, correct.

Mr. HALLEY. And did anybody else make any remarks?

Mr. LIPSKY. No.

Mr. HALLEY. Just Neal?

Mr. LIPSKY. That's right.

Mr. HALLEY. How long did you stay at the Copacabana?

Mr. LIPSKY. At least an hour.

Mr. HALLEY. And did you sit down finally and have some drinks with this group?

Mr. LIPSKY. Yes.

Mr. HALLEY. With Neal?

Mr. LIPSKY. Yes.

Mr. HALLEY. And with Costello?

Mr. LIPSKY. Yes.

Mr. HALLEY. And with Mancuso?

Mr. LIPSKY. Yes.

Mr. HALLEY. Did anybody else have drinks with you?

Mr. LIPSKY. No. They were scattered all around us, you know.

Mr. HALLEY. But you felt it was one party; is that right?

Mr. LIPSKY. Yes.

Mr. HALLEY. Did you recognize anybody else was there at the lounge?

Mr. LIPSKY. Well, I wouldn't be positive. I wouldn't remember. I took no particular notice of anyone else.

Mr. HALLEY. You mentioned the ones that you are sure about?

Mr. LIPSKY. Yes, yes.

Mr. HALLEY. Did anything come of this conversation? What happened next?

Mr. LIPSKY. I delivered the reply to the mayor, and he said, "All right, we will starve them out."

That was the last of that.

The CHAIRMAN. He said what?

Mr. LIPSKY. "We will starve them out."

Mr. HALLEY. You are quite sure Neal repeated this to Costello, are you not?

Mr. LIPSKY. Well, he repeated it to the two or three who were around there.

Mr. HALLEY. Including Costello?

Mr. LIPSKY. Yes.

Mr. HALLEY. In fact, he said, "What do you think of this?" did he not?

Mr. LIPSKY. Yes.

Mr. HALLEY. And did Costello answer anything?

Mr. LIPSKY. No.

Mr. HALLEY. Neal did all the talking?

Mr. LIPSKY. All the talking.

Mr. HALLEY. And the answer was just unequivocally "No"?

Mr. LIPSKY. Correct.

Mr. HALLEY. The language was somewhat embroidered?

Mr. LIPSKY. Yes, sir.

Mr. HALLEY. Shortly after that, did O'Dwyer make some effort to fight some of the Tammany leaders?

Mr. LIPSKY. I wouldn't say so.

Mr. HALLEY. You would not say so?

(Mr. Lipsky shakes head in negative.)

Mr. HALLEY. Loughlin did resign; did he not.

Mr. LIPSKY. Subsequently. It took quite a while.

Mr. HALLEY. It took quite a while?

Mr. LIPSKY. Yes.

Mr. HALLEY. And the synthetic vote was not changed; is that right?

Mr. LIPSKY. No; that's right.

Mr. HALLEY. So that you would say that, as things turned out, nothing did happen?

Mr. LIPSKY. Hardly.

Mr. HALLEY. Hardly?

Mr. LIPSKY. That's right.

Mr. HALLEY. I would like to go back a long way again, to the early 1930's, in Brooklyn. At that time, did you know Joe Adonis?

Mr. LIPSKY. Yes.

Mr. HALLEY. You knew him pretty well, did you not?

Mr. LIPSKY. Yes.

Mr. HALLEY. He had a restaurant on Carroll Street and Fourth Avenue?

Mr. LIPSKY. And Fourth Avenue; correct.

Mr. HALLEY. Was that restaurant frequented by—correct me if I am wrong—but was it frequented by practically every prominent politician in Brooklyn?

Mr. LIPSKY. I would say so; yes.

Mr. HALLEY. It was a speakeasy; was it not?

Mr. LIPSKY. Well, during prohibition days, you could get drinks there.

Mr. HALLEY. He served very good liquor, is that right?

Mr. LIPSKY. Very good.

Mr. HALLEY. And food?

Mr. LIPSKY. Very good food.

Mr. HALLEY. The restaurant is a fairly long distance away from the city hall and civic center of Brooklyn, is it not?

Mr. LIPSKY. That's correct.

Mr. HALLEY. And it is in a relatively poor neighborhood?

Mr. LIPSKY. That's correct.

Mr. HALLEY. There were a great many more accessible good restaurants; is that right?

Mr. LIPSKY. That's correct.

Mr. HALLEY. But this particular restaurant became a hang-out; is that correct?

Mr. LIPSKY. Well, nice people frequented it. I would not say "a hang-out."

Mr. HALLEY. Well, it became a place frequented by the political leaders?

Mr. LIPSKY. That's correct.

Mr. HALLEY. Who were some of the leaders who frequented it?

Mr. LIPSKY. On the Democratic end of it, a great majority of leaders frequented it.

Mr. HALLEY. Well, can you name some?

Mr. LIPSKY. There were very few I could skip.

Mr. HALLEY. Very few you could skip?

Mr. LIPSKY. Yes.

Mr. HALLEY. At least try to name those who were most often there.

Mr. LIPSKY. Well there was Dr. Ross of the twenty-third. There was Sharkey, who was the president of the council, I think. There was, oh innumerable.

Mr. HALLEY. Quayle would go there?

Mr. LIPSKY. Yes. In fact, most of them; most of them.

Mr. HALLEY. In fact, O'Dwyer went there; did he not?

Mr. LIPSKY. I can't say that I saw him there.

Mr. HALLEY. Did he have a law associate named Joyce, George Joyce?

Mr. LIPSKY. Yes.

Mr. HALLEY. He used to go there frequently, did he not?

Mr. LIPSKY. Yes. He represented that district, the board of aldermen, for years.

Mr. HALLEY. He is now a judge; is that right?

Mr. LIPSKY. That's correct.

Mr. HALLEY. And he frequented it quite often; is that correct?

Mr. LIPSKY. Well, not oftener than most of them. There was a primary fight down there that I recollect, and during those days I would see him there. In fact, anybody who had a primary fight on the Democratic end was called in there.

Mr. HALLEY. Why would they call at Joe Adonis' restaurant in connection with a primary fight on the Democratic end?

Mr. LIPSKY. Well, he was looked upon as a fellow who had a lot of friends, and who could help these contestants, both by recommending the contestant; and also he was free with his money in the support of the candidate.

Mr. HALLEY. In other words, he would give financial support to candidates in primaries; is that right?

Mr. LIPSKY. Correct.

Mr. HALLEY. It is a matter you discussed with him quite often, is it not?

Mr. LIPSKY. I beg your pardon?

Mr. HALLEY. It is a matter you discussed with him quite often; is it not?

Mr. LIPSKY. I noticed it: I noticed it.

Mr. HALLEY. And on occasion, you asked him why he did it, did you not?

Mr. LIPSKY. Yes.

Mr. HALLEY. What was his view about the question of supporting candidates in primary fights?

Mr. LIPSKY. Well, he—as I found it, he was a fellow that would hardly refuse to help most people who contacted him.

Mr. HALLEY. As a result of his freedom with his money, a great many of the leaders in Brooklyn were under obligation to him; is that not right?

Mr. LIPSKY. I feel that way about it, but he even helped people who were not in politics.

Mr. HALLEY. But he particularly did help leaders in primary fights; is that right?

Mr. LIPSKY. Yes.

Mr. HALLEY. With money?

Mr. LIPSKY. Yes.

Mr. HALLEY. Did he ever help in any Republican primary fights?

Senator TOBEY. Oh, no; of course not.

Mr. LIPSKY. I think you are correct.

Mr. HALLEY. Were there any Republican leaders besides yourself; and you were rather prominent in Republican politics, were you not?

Mr. LIPSKY. I have never acknowledged that.

Mr. HALLEY. But you have modestly heard it, have you not?

Mr. LIPSKY. They accused me of it.

Mr. HALLEY. And you had a certain slight influence, did you not?

Mr. LIPSKY. Very slight.

Mr. HALLEY. In addition to yourself, were there any other prominent Republicans who did frequent Adonis' restaurant?

Mr. LIPSKY. I would say "No."

Mr. HALLEY. You were about the only one?

Mr. LIPSKY. I was the lost sheep.

Mr. HALLEY. And what was the basis of your own friendship with Adonis?

Mr. LIPSKY. I was attracted by him, when I visited that place. I found him a very personable fellow. It was an attraction that I had for the fellow. He was a young fellow, a very engaging personality. That was the limit of the influence I ever sought from that fellow.

Mr. HALLEY. Was it through him that you met Judge Joyce?

Mr. LIPSKY. No; I knew Joyce before that.

Mr. HALLEY. You had known Joyce before that?

Mr. LIPSKY. Oh, yes.

Mr. HALLEY. And had you known O'Dwyer before that?

Mr. LIPSKY. Yes. I knew O'Dwyer back in—no, I guess I met Bill before that. Oh, I met him during prohibition time.

Mr. HALLEY. Now, you continued to see Adonis frequently right up to the time he moved to Jersey; is that right?

Mr. LIPSKY. Yes.

Mr. HALLEY. And then from time to time after that?

Mr. LIPSKY. Very seldom.

Mr. HALLEY. What is the last occasion on which you saw Joe Adonis?

Mr. LIPSKY. Last October.

Mr. HALLEY. And when did you see him?

Mr. LIPSKY. I met him up at a tailor, the Merchants Tailor, up at Madison Avenue.

The CHAIRMAN. Mr. Lipsky, turn around and speak up, so we can hear it here, too.

Mr. LIPSKY. On Madison Avenue and Forty-second Street.

Mr. HALLEY. At a tailor shop?

Mr. LIPSKY. Yes.

Mr. HALLEY. Did you meet him by appointment?

Mr. LIPSKY. Yes.

Mr. HALLEY. How did that come about?

Mr. LIPSKY. Well, I met a friend of his and told him to find out when he would be in the city.

Mr. HALLEY. That friend was Arthur McGoldrick?

Mr. LIPSKY. That's right.

Mr. HALLEY. Is that the same McGoldrick who had been at the Piping Rock Casino with Adonis and Costello some years previous to that?

Mr. LIPSKY. I understand that to be so.

Mr. HALLEY. And you had kept in touch with McGoldrick; is that right?

Mr. LIPSKY. Yes.

Mr. HALLEY. And through him, you arranged to meet Adonis at this tailor shop?

Mr. LIPSKY. Correct.

Mr. HALLEY. And when you met Adonis did you have any political discussion?

Mr. LIPSKY. That's what I saw him for.

Mr. HALLEY. What was your discussion with Adonis?

Mr. LIPSKY. O'Dwyer had stated, and it was generally conceded, that he wouldn't run again for mayor, and I told Joe Adonis that I felt it would be good politics to get in touch with his friend Costello

and see if he couldn't change his mind—that I had heard that he was committed to Charley Silver of the American Woolen as a candidate for mayor.

He said, "Now, I want nothing to do with it."

Mr. HALLEY. Adonis said that?

Mr. LIPSKY. Yes.

Mr. HALLEY. Was there any further discussion with Adonis at that time?

Mr. LIPSKY. Oh, just social.

Mr. HALLEY. Well, you knew Costello, did you not?

Mr. LIPSKY. Well, not as well as I knew him.

Mr. HALLEY. Did you feel that you needed Adonis to take this message to Costello?

Mr. LIPSKY. I felt that way; yes. Yes.

Mr. HALLEY. Were they very close friends?

Mr. LIPSKY. I felt they were.

Mr. HALLEY. You had seen them often together?

Mr. LIPSKY. Not together. I seen them on several occasions together.

Mr. HALLEY. And had gotten the impression that they knew each other very well?

Mr. LIPSKY. Oh, yes; yes.

Mr. HALLEY. But Adonis refused to take that message?

Mr. LIPSKY. Yes.

Mr. HALLEY. To Costello?

Mr. LIPSKY. Yes.

Mr. HALLEY. And as recently as 1950 you felt that Costello was a power in politics?

Mr. LIPSKY. Yes.

Mr. HALLEY. In 1949 did you have occasion yourself to go to see Costello?

Mr. LIPSKY. Yes.

Mr. HALLEY. Was that at his home at Sands Point?

Mr. LIPSKY. Yes.

Mr. HALLEY. And what occasioned your visit to Costello's home at Sands Point?

Mr. LIPSKY. I understood that he had committed himself to the nomination of Mr. Charles Silver, and I went down and saw the gentleman and tried to persuade him that, from my viewpoint, I think there would be much better to nominate than Charles Silver.

The CHAIRMAN. I didn't understand that, sir.

Mr. LIPSKY. From my viewpoint, I told him it was my opinion they could find a better candidate than Charley Silver.

Mr. HALLEY. You heard, had you not, that Irving Sherman had gotten Costello to support Silver; is that right?

Mr. LIPSKY. He what?

Mr. HALLEY. That he had persuaded Costello to support Silver.

Mr. LIPSKY. That's right; that's right.

Mr. HALLEY. And who is Irving Sherman?

Mr. LIPSKY. Well, he is in the cloak-and-suit business out in the garment center.

Mr. HALLEY. And he is a good friend of Costello's

Mr. LIPSKY. I understood that to be a fact.

Mr. HALLEY. And you know him to be a good friend of Mayor O'Dwyer's?

Mr. LIPSKY. He had done so much for Mayor O'Dwyer to bring about his nomination and his election for his first term.

Mr. HALLEY. What do you mean when you say that Irving Sherman had done so much for Mayor O'Dwyer?

Mr. LIPSKY. Well, from what I understood from Mr. Sherman and also understood from the mayor, that his services and sacrifices that he made for the mayor was without limit.

Mr. HALLEY. You heard that from Mayor O'Dwyer himself?

Mr. LIPSKY. And all the people connected with his campaign.

Mr. HALLEY. Well, can you give the committee any specific instances of things that Mayor O'Dwyer told you Sherman had done to help bring about the nomination of O'Dwyer for mayor in 1945?

Mr. LIPSKY. That he worked so steadily and so industriously in his behalf.

Mr. HALLEY. Well, with whom did Sherman work and in what way?

Mr. LIPSKY. Well—

Mr. HALLEY. Now, I would like you at this point, at least, to confine your answers to what you heard from the mayor.

Mr. LIPSKY. That he had performed these great services for him and that he was eternally thankful and appreciated all the hard work he had done to bring about the success in making him the mayor.

Mr. HALLEY. This is Irving Sherman talking?

Mr. LIPSKY. Yes.

Mr. HALLEY. Well, did O'Dwyer ever state what specifically were the services?

Mr. LIPSKY. Well, the general services of a fellow who takes an active part in politics.

Mr. HALLEY. This is in connection with bringing about the nomination?

Mr. LIPSKY. Yes.

Mr. HALLEY. Talking to various leaders?

Mr. LIPSKY. Yes.

Mr. HALLEY. And what else?

Mr. LIPSKY. Raising campaign funds for him.

Mr. HALLEY. Did O'Dwyer ever tell you that Irving Sherman raised campaign funds for him?

Mr. LIPSKY. Not directly.

Mr. HALLEY. Well, would you state how that information comes to your knowledge?

Mr. LIPSKY. By the different friends of Sherman's who I met subsequently.

Mr. HALLEY. What did they tell you?

Mr. LIPSKY. That they had their different lunches and so forth and raised money for the campaign.

Mr. HALLEY. In other words, you spoke to people who were solicited for campaign funds by Sherman, or who saw Sherman solicit campaign funds?

Mr. LIPSKY. Well, they spoke of him soliciting at these different meetings. They said that he did a lot of work and raised a lot of money for the campaign of 1945.

Mr. HALLEY. Who are some of the people that told you that Irving Sherman solicited funds during the campaign of 1945?

Mr. LIPSKY. I wouldn't really cite them as this one or that one. There were so many said that about the fellow.

Mr. HALLEY. And from your conversations with O'Dwyer himself, was that confronted?

Mr. LIPSKY. Yes—oh, no, not in regards to the finances. He only spoke of the great work he did for him. He never said anything about the finances, O'Dwyer didn't.

Mr. HALLEY. But he did express his great obligation to Irving Sherman?

Mr. LIPSKY. That's correct.

Mr. HALLEY. Well, wasn't Irving Sherman at that time in partnership with a man named Courtney?

Mr. LIPSKY. Yes.

Mr. HALLEY. In the dress business?

Mr. LIPSKY. That's right.

Mr. HALLEY. And that is Irving Courtney, is it not?

Mr. HALLEY. Isn't Irving Courtney the brother of a very prominent bookie, Max Courtney?

Mr. LIPSKY. I learned that only a year or so ago, and I only knew then that this brother of his was an alleged bookmaker. That's all I know about that. That's in meeting him down in Miami, at the Saxony. That's where I learned that.

Mr. HALLEY. Where did you meet him?

Mr. LIPSKY. At the Saxony Hotel.

Mr. HALLEY. Whom did you meet at the Saxony?

Mr. LIPSKY. Well, I don't know that, I met but very few at the Saxony, but I do remember meeting him at the Saxony.

Mr. HALLEY. Max Courtney?

Mr. LIPSKY. Yes.

Mr. HALLEY. Was he making book down there?

Mr. LIPSKY. I understood he was.

Mr. HALLEY. Did you see him making book down there?

Mr. LIPSKY. No.

Mr. HALLEY. But that was the general information around the hotel?

Mr. LIPSKY. It was.

Mr. HALLEY. If you had a bet to get down, he was the man to see?

Mr. LIPSKY. Oh, there was any amount of them down there in the Saxony. He wasn't the only one there.

Mr. HALLEY. Now, I would like to get back to this meeting at Sands Point.

Mr. LIPSKY. Yes.

Mr. HALLEY. Who had told you that Irving Sherman was booming Charley Silver for mayor in 1949?

Mr. LIPSKY. Himself.

Mr. HALLEY. Sherman?

Mr. LIPSKY. Yes.

Mr. HALLEY. When did this happen?

Mr. LIPSKY. Oh, it happened several times at the house, where he would call on different occasions.

Mr. HALLEY. At your home?

Mr. LIPSKY. Yes. He was his candidate.

Mr. HALLEY. And did you argue with Sherman about it?

Mr. LIPSKY. I did.

Mr. HALLEY. And Sherman told you Costello would support Silver?

Mr. LIPSKY. Yes.

Mr. HALLEY. You went down to find out if that was so?

Mr. LIPSKY. That's right.

Mr. HALLEY. Did you have an appointment with Costello at home?

Mr. LIPSKY. No.

Mr. HALLEY. How did you get there?

Mr. LIPSKY. By car.

Mr. HALLEY. Your own car?

Mr. LIPSKY. No, Sherman's car.

Mr. HALLEY. Sherman drove out with you?

Mr. LIPSKY. Yes.

Mr. HALLEY. And you both saw Costello?

Mr. LIPSKY. That's right.

Mr. HALLEY. And this is in December of 1949?

Mr. LIPSKY. That's right, that's right.

Mr. HALLEY. Did Costello say whether or not he was supporting any candidate for mayor?

Mr. LIPSKY. Yes.

Mr. HALLEY. Whom did he say?

Mr. LIPSKY. He said, "I am committed to Charlie Silver."

Mr. HALLEY. He said he was actually committed to Silver?

Mr. LIPSKY. Yes.

Mr. HALLEY. What did you say?

Mr. LIPSKY. I said I thought it was bad judgment.

Mr. HALLEY. What else did you say about it?

Mr. LIPSKY. Yes; I said that—I beg your pardon?

Mr. HALLEY. What else did you say about it?

Mr. LIPSKY. Well, I told him that I didn't think it was too good, I didn't think he was too good to get that nomination.

Mr. HALLEY. Well, you were a Republican, were you not?

Mr. LIPSKY. Yes.

Mr. HALLEY. And wouldn't it be to your advantage to have the Democrats run the weakest candidate they had?

Mr. LIPSKY. The weakest candidate in Greater New York would be the strongest Republican candidate, unless you had a great coalition. There's no votes on the Republican end of it for mayor.

Mr. HALLEY. So you felt that whoever would run would be mayor?

Mr. LIPSKY. Oh, sure.

Mr. HALLEY. And who was your candidate?

Mr. LIPSKY. Well——

Mr. HALLEY. Let me put it this way: Did you urge any other candidate on Mr. Costello?

Mr. LIPSKY. Yes.

Mr. HALLEY. Whom did you urge on Costello?

Mr. LIPSKY. Particularly?

Mr. HALLEY. Yes.

Mr. LIPSKY. Mr. Quayle.

Mr. HALLEY. Anyone else? You mean Frank Quayle?

Mr. LIPSKY. Yes.

Mr. HALLEY. Q-u-a-y-l-e?

Mr. LIPSKY. That's correct.

Mr. HALLEY. Anyone else? As an alternative?

Mr. LIPSKY. Sharkey, and even Cashmore, but not this fellow.

Mr. HALLEY. Quayle is a good friend of O'Dwyer, was he not?

Mr. LIPSKY. Who?

Mr. HALLEY. Quayle?

Mr. LIPSKY. Yes.

Mr. HALLEY. In fact, he had been an old friend of Joe Adonis, hadn't he?

Mr. LIPSKY. Who?

Mr. HALLEY. Quayle.

Mr. LIPSKY. I don't know what you mean by "friend." He is a pretty high-grade fellow, in my estimation, and I can't say that I would classify Mr. Quayle as a good friend of Joe Adonis.

Mr. HALLEY. Well, he certainly was one of the most frequent diners at Joe Adonis' restaurant, was he not?

Mr. LIPSKY. Well, he liked to eat good food and he is suffering for it now—not particularly Adonis' food, because he has been in the hospital for five or six times for operations, going back next week again, and he was a great eater and he loved good food and he loves good wine.

Mr. HALLEY. And he went to Joe Adonis' place to get it?

Mr. LIPSKY. That's right.

Mr. HALLEY. And he was one of the people you would see there very frequently, was he not?

Mr. LIPSKY. He had a continual appetite.

Mr. HALLEY. A continual appetite for Joe Adonis' company or for his food?

Mr. LIPSKY. Not particularly for Adonis' food, but for all good restaurants he frequented, the best of them, and for a change he liked Italian food.

Mr. HALLEY. Now, getting back to your conversation with Costello, why did you urge these other candidates upon him?

Mr. LIPSKY. I thought by the process of elimination that the leaders would decide on Mr. Quayle.

Mr. HALLEY. Based on your years of experience in politics in this city, did you believe it was necessary to get Costello's backing for your candidate?

Mr. LIPSKY. I would say so.

Mr. HALLEY. Is that why you went to Sands Point?

Mr. LIPSKY. That's right.

Mr. HALLEY. Was there any further conversation on this occasion?

Mr. LIPSKY. No.

Mr. HALLEY. What did Sherman say during this discussion?

Mr. LIPSKY. He was urging Silver.

Mr. HALLEY. You mean this was a sort of a debate in front of Costello?

Mr. LIPSKY. Yes.

Mr. HALLEY. What did he urge as Silver's points?

Mr. LIPSKY. Oh, he had all the proper backing in the world, including Cardinal Spellman, the Hebrew, and would get the support of the cardinal, all that stuff he indulged in.

Mr. HALLEY. Well, did you make the point that O'Dwyer might run again?

Mr. LIPSKY. Yes. I said, "How can you commit yourself, Frank, to a fellow, when the fellow is liable to change his mind and run? How can you commit yourself way in advance?" I told him that.

He said, "When I commit myself, I won't change my mind unless the fellow is out."

But he got out without announcing it to any of his friends who were supporting him, Mr. Silver did, which he does usually, and left them hanging in the air.

MR. HALLEY. Do you still have any persuasive power with Democratic or Republican politicians?

MR. LIPSKY. I never had that. They accused me of it.

MR. HALLEY. Well, there was a considerable controversy, was there not, about a year ago, when a relative of yours was appointed a confidential clerk to Judge Joyce?

MR. LIPSKY. Yes.

MR. HALLEY. Who was a young lawyer; is that right?

MR. LIPSKY. Studying law.

MR. HALLEY. And he received a \$8,300 a year job; is that right?

MR. LIPSKY. Yes.

MR. HALLEY. Was there not a considerable amount of protest raised to that appointment?

MR. LIPSKY. There generally is when another fellow gets a job.

MR. HALLEY. Was that job gotten as a result of your own particular influence?

MR. LIPSKY. Well, that would be taking on too much, wouldn't it? I liked the boy. He called at the house time and time again, the judge did, and there was a cordial relationship between our family and the judge's family, and when the appointment was made, of course, it aroused a lot of feeling on the part of other fellows who were candidates themselves. Nothing unusual about that.

MR. HALLEY. Was that appointment obtained in any way through the intervention of Joe Adonis?

MR. LIPSKY. Oh, no, positively not.

MR. HALLEY. Whom did you speak to to get the appointment for your relative?

MR. LIPSKY. The judge spoke to me about it.

MR. HALLEY. The judge came to you and asked if you would like it?

MR. LIPSKY. That's correct.

MR. HALLEY. And you said you would?

MR. LIPSKY. No. I told him that I felt that it would arouse this criticism, as you just spoke of, and he said, "Well, I am the appointing power," and it was a week or 10 days before I finally said, "Go ahead and appoint the boy."

MR. HALLEY. I believe you made the point that Joe Adonis had this speak-easy with a lot of good liquor; is that right?

MR. LIPSKY. Yes.

MR. HALLEY. And I believe you once told me that Adonis was a bootlegger with Dwyer during the prohibition days?

MR. LIPSKY. Not the mayor.

MR. HALLEY. No, no. Did I say O'Dwyer?

No, this is Dwyer, not O'Dwyer, Bill Dwyer.

THE CHAIRMAN. Spell it.

MR. HALLEY. D-w-y-e-r, Bill Dwyer.

MR. LIPSKY. That's right.

MR. HALLEY. A very prominent bootlegger?

MR. LIPSKY. Yes, oh, yes.

Mr. HALLEY. He was the man with whom Joe Adonis worked during the prohibition days, as you understood it?

Mr. LIPSKY. Yes.

Mr. HALLEY. Is that right?

Mr. LIPSKY. Yes.

Mr. HALLEY. Is that right?

Mr. LIPSKY. Yes.

Mr. HALLEY. Then did you know what business Adonis went into after prohibition?

Mr. LIPSKY. Well, he went into that carting, carting Ford cars from the Edgewater plant of Ford. They convey the cars to different parts of the country.

Mr. HALLEY. The Automotive Conveyance Co.?

Mr. LIPSKY. That's right.

Mr. HALLEY. And he was in various gambling businesses, such as at Saratoga—

Mr. LIPSKY. I never knew of the Saratoga thing, but I did know of the Miami thing.

Mr. HALLEY. You mean the Colonial Inn?

Mr. LIPSKY. That's all I knew about.

Mr. HALLEY. Did you know about the gambling games in Jersey?

Mr. LIPSKY. No.

Mr. HALLEY. But you did know he had gambling houses, or at least one gambling house, in Miami?

Mr. LIPSKY. Yes.

Mr. HALLEY. You had in fact been there; is that right?

Mr. LIPSKY. I had been there; yes; but not gambling. I don't gamble.

The CHAIRMAN. All right; let's talk louder now, Mr. Halley. I wonder, Mr. Lipsky, can't you get closer to those microphones? Nobody can hear you.

Mr. LIPSKY. Yes.

Mr. HALLEY. I have no further questions at this time of this witness, Mr. Chairman.

The CHAIRMAN. Senator O'Connor, have you any questions?

Senator O'CONNOR. Mr. Lipsky, only this one phase in the matter.

Mr. LIPSKY. Yes.

Senator O'CONNOR. Going back to the occasion in 1946 when you went to the Copa at Mayor O'Dwyer's instance and conveyed the message; I just want to see if I got the correct understanding of it.

In relaying the message which you did to Mr. Neal—

Mr. LIPSKY. Clarence Neal.

Senator O'CONNOR. When Judge Mancuso and Frank Costello were present, you have said that he, Neal, said, "No" flatly; or rather, his answer—

Mr. LIPSKY. Yes.

Senator O'CONNOR. Without giving the exact language, what sort of an answer was given?

Mr. LIPSKY. It was a hard "No."

Senator O'CONNOR. I mean, was it was apparent bitterness; was there any ill feeling?

Mr. LIPSKY. Yes.

Senator O'CONOR. In other words, I want to get it plain. I got the impression that there must have been some feeling between the mayor on one side and they on the other side if I understand your version of it correctly.

Mr. LIPSKY. That's correct.

Senator O'CONOR. Did that attitude change any afterward, to your knowledge?

Mr. LIPSKY. That is a very good question. He wasn't very bitter when he got my reply, outside of saying, "We will starve them out," but he never gave up the thought that he wasn't going to do something to attract the attention that he had changed Tammany Hall. That is the reason I say that.

Senator O'CONOR. Well, the reason I asked you, I wondered why, if there was not some ill feeling or bitterness, it was necessary to have an intermediary like yourself go. He apparently could not communicate, or did not desire to communicate, directly with him, if that would be the normal course of proceeding.

Mr. LIPSKY. I could answer that with my own knowledge of him receiving the nomination in 1945, was it?

Mr. HALLEY. Yes.

Mr. LIPSKY. That the vote of the city leaders of the five boroughs. Now, they had one or two meetings to decide who the candidate should be, and it was 3 to 2 against him. And at the last meeting, which was going to be the final one, Loughlin, who was opposed to him, had changed his vote and voted for him and made it the 3 out of 5. Do you understand?

Senator O'CONOR. Yes.

Mr. LIPSKY. So he wanted the leader of Tammany Hall, and I could imagine that he would feel that he should be rewarded by being kicked out.

Senator O'CONOR. Thank you, Mr. Lipsky.

The CHAIRMAN. Mr. Lipsky, I still don't understand why you would be the emissary of Mayor O'Dwyer to see these people.

Mr. LIPSKY. We were very friendly.

The CHAIRMAN. I know. But why wouldn't he go himself instead of sending you?

Mr. LIPSKY. Go up himself and tell a fellow who is the leader, who directly made him mayor, to get out?

The CHAIRMAN. But who had directly made him mayor?

Mr. LIPSKY. Loughlin. He changed his vote.

The CHAIRMAN. You didn't see Loughlin up there; you saw Neal?

Mr. LIPSKY. Yes.

The CHAIRMAN. Why, then, would he pick you to go up?

Mr. LIPSKY. I was a very good friend of his.

The CHAIRMAN. Were you his chief emissary on missions of that sort?

Mr. LIPSKY. On that particular thing I happened to be.

The CHAIRMAN. Then, after you delivered the message and got the reply back, how long did you stay?

Mr. LIPSKY. At the Copacabana?

The CHAIRMAN. Yes.

Mr. LIPSKY. About an hour, an hour and a half.

The CHAIRMAN. Did you discuss the matter further at that time?

Mr. LIPSKY. I beg your pardon.

The CHAIRMAN. Did you discuss the matter further at that time?

Mr. LIPSKY. After that reply of Neal's?

The CHAIRMAN. Yes.

Mr. LIPSKY. Oh, no.

The CHAIRMAN. The question was dropped?

Mr. LIPSKY. He meant it.

The CHAIRMAN. I still don't understand also why you would be so interested in picking Mr. Quayle or anyone else to be——

Mr. LIPSKY. Very popular.

The CHAIRMAN. But you are a Republican?

Mr. LIPSKY. You can't elect a Republican in Greater New York as mayor.

The CHAIRMAN. So you just joined the——

Mr. LIPSKY. You get the best you can on the other side.

The CHAIRMAN. I see. So it is sort of a nonpartisan effort, or bipartisan?

Mr. LIPSKY. Correct.

The CHAIRMAN. What do you do now?

Mr. LIPSKY. Retired.

The CHAIRMAN. Did you ever run for office yourself?

Mr. LIPSKY. No, sir.

The CHAIRMAN. Always interested in politics but never sought office for yourself?

Mr. LIPSKY. That's right.

The CHAIRMAN. Never were appointed to any position?

Mr. LIPSKY. No, sir.

The CHAIRMAN. All right, Senator Tobey.

Senator TOBEY. I have no questions.

(Witness excused.)

Mr. HALLEY. Joe Adonis will be the next witness.

The CHAIRMAN. Will Mr. Adonis take the stand? Do you swear that the testimony you are about to give before this committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ADONIS. I do.

TESTIMONY OF JOSEPH DOTO, ALIAS JOE ADONIS, ACCOMPANIED BY HAROLD H. CORBIN, ATTORNEY, NEW YORK, N. Y.

The CHAIRMAN. Mr. Adonis, we haven't had a witness all day who talked loud enough. Can you do better?

Mr. ADONIS. I will try my best, sir.

The CHAIRMAN. All right, sir. Let the record show that——

Mr. ADONIS. Mr. Corbin.

The CHAIRMAN (continuing). Mr. Corbin is appearing with Mr. Adonis.

Mr. HALLEY. Mr. Adonis, you have testified at some length before the committee at an open session, and I do not intend to review again the matters you testified about, particularly since you refused to answer so many of the questions. But there are some further matters the committee has in mind, about which you have been recalled, and I will try to proceed directly with them and call your attention to them.

The first, Mr. Adonis, has to do with your political activities, if any, in Brooklyn, N. Y.

Would you state to the committee whether you ever took part in any political campaign?

Mr. ADONIS. Mr. Halley, may I make a statement before we proceed?

Mr. HALLEY. Go right ahead.

Mr. ADONIS. When I was previously before this committee in Washington, I stated the reasons why I felt it necessary to avail myself of my constitutional privilege to refuse to answer questions. I stated at that time that members of this committee and other members of the Federal Government had been publicly proclaiming that I was a member of a nationally organized crime syndicate and were seeking to link me up with charges of organized crime in and between various States as well as crimes under Federal income-tax laws, anti-racketeering laws, and other Federal laws.

Since my previous appearance the press has carried a release by this committee alleging that I am a member of a crime syndicate operating throughout the East and acting in conjunction with another crime syndicate in Chicago. The release also asserted that one Luciano sits in Italy as arbitrator of all disputes among the various crime syndicates. It is further said that I am a member of an organization known as the Mafia which controls crime on an interstate and national basis.

This committee has also suggested and implied that efforts have been made by me to get into certain legitimate businesses and to use racketeering methods therein, in order to expand the businesses, to prevent competition and to use such businesses as an aid in concealing and covering up income-tax frauds.

All of these statements and suggestions by the committee emphasize the fact that its sole purpose in calling me before it, is to try to obtain evidence to be used against me in criminal prosecutions. Indeed, certain local prosecutions have already been instigated against me in various States. There is no doubt in my mind that the committee wishes to instigate and support all possible additional prosecutions against me both of a State and Federal nature.

For these reasons, I see no reason to change my previous position, which is that I should not testify against myself in any respect.

Mr. HALLEY. Is that a statement prepared by your counsel?

Mr. ADONIS. Both of us.

Mr. HALLEY. You helped him prepare it?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Now, you understand that any privilege you may have applies only to a specific question. You have no general privilege to come here and testify. Therefore I shall address questions to you with the committee's permission, and in any case where the answer would tend to incriminate you, if you answer truthfully, incriminate you of a Federal offense, then you have a privilege, and in no other case.

Mr. ADONIS. Proceed.

Mr. HALLEY. Now, Mr. Adonis, did you ever make a political contribution to any campaign, State, local, or national?

Mr. ADONIS. I decline to answer that question on the ground that it might tend to incriminate me.

The CHAIRMAN. Mr. Adonis, it is not any crime to make a political contribution, so I have, therefore, to direct you to answer that question.

Mr. ADONIS. I decline to answer the question on the ground that it might tend to incriminate me.

The CHAIRMAN. Would you mind specifying what crime or what connection it might have?

Mr. ADONIS. I refuse to answer that on the same grounds.

Mr. HALLEY. Mr. Adonis, do you play golf?

Mr. ADONIS. I have played some.

Mr. HALLEY. Have you ever played at the Lakeville Country Club?

Mr. ADONIS. Not that I recall.

Mr. HALLEY. Have you ever played golf with Mr. Charles Lipsky?

Mr. ADONIS. No, sir.

Mr. HALLEY. Do you know Mr. Charles Lipsky?

Mr. ADONIS. Very well.

Mr. HALLEY. Have you ever played golf with Mr. Frank Quayle?

Mr. ADONIS. Not that I recall.

Mr. HALLEY. Do you know Mr. Frank Quayle?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. How long have you known Charles Lipsky?

Mr. ADONIS. Oh, 20 years or better.

Mr. HALLEY. How long have you known Frank Quayle?

Mr. ADONIS. Oh, a lot of years. Twenty-odd years, I guess.

Mr. HALLEY. When did you last see Charles Lipsky?

Mr. ADONIS. Just before, out in the waiting room.

Mr. HALLEY. Prior to seeing him here in the courthouse, when did you last see him?

Mr. ADONIS. I don't recall that.

Mr. HALLEY. Did you see him during the year 1950?

Mr. ADONIS. I believe I did.

Mr. HALLEY. When and where?

Mr. ADONIS. I wouldn't recall.

Mr. HALLEY. Do you know a man named McGoldrick?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Did he arrange a meeting between you and Lipsky in 1950? I refer to Arthur McGoldrick.

Mr. ADONIS. Yes; I know who you mean.

I don't recall that, whether he did or not.

Mr. HALLEY. You were once in business with McGoldrick, were you not?

Mr. ADONIS. I decline to answer that question on the ground that it might tend to incriminate me.

Mr. HALLEY. That was at the Piping Rock Casino in Saratoga, wasn't it?

Mr. ADONIS. I decline to answer that question on the same grounds.

Mr. HALLEY. Now, in 1950, did—

The CHAIRMAN. Mr. Counsel, can we have it understood that the chairman has directed him to answer?

Mr. CORBIN. Certainly. It is time-saving and will be expeditious. And may we have the same understanding as before?

The CHAIRMAN. Yes.

Mr. CORBIN. That is, when he says, "Upon the same grounds," for instance, that he means upon the ground that his answer might tend to incriminate him—without repeating himself?

The CHAIRMAN. Yes; that will be understood.

Mr. HALLEY. Now, do you remember in 1950 having been approached by Mr. Arthur McGoldrick with reference to meeting Charles Lipsky?

Mr. ADONIS. I don't remember.

Mr. HALLEY. Do you remember whether or not you saw Charles Lipsky?

Mr. ADONIS. I believe I did during 1950; yes.

Mr. HALLEY. Where did you see him?

Mr. ADONIS. I don't recall that.

Mr. HALLEY. Was it in a tailor shop?

Mr. ADONIS. It probably was.

Mr. HALLEY. Well, to your knowledge? You know, to your knowledge—

Mr. ADONIS. I say it probably was.

Mr. HALLEY. Well, you know it was. It is not a matter of "probably."

Is there any doubt in your mind?

Mr. ADONIS. Yes; there is.

Mr. HALLEY. Is there any other place that the meeting may have taken place?

Mr. ADONIS. I don't know of any specific meeting.

Mr. HALLEY. How often did you see Lipsky in 1950?

Mr. ADONIS. Not too often.

Mr. HALLEY. How many times would you say you saw him last year?

Mr. ADONIS. Just a couple of times.

Mr. HALLEY. Two or three?

Mr. ADONIS. Two or three.

Mr. HALLEY. Could it have been six?

Mr. ADONIS. I don't believe so.

Mr. HALLEY. And where else besides in this tailor shop did you see Lipsky, at what other places?

Mr. ADONIS. I don't recall.

Mr. HALLEY. Did you see him in any restaurant?

Mr. ADONIS. Maybe.

Mr. HALLEY. Well, which is it?

Mr. ADONIS. Well, I don't remember. What do you want me to answer?

Mr. HALLEY. I would like you to tell the truth.

Mr. ADONIS. You would? Well, I am trying to.

Mr. HALLEY. Can't you remember where you saw Mr. Lipsky just last year?

Mr. ADONIS. No; I can't.

Mr. HALLEY. Not one of the places?

Mr. ADONIS. Not one of them.

Mr. HALLEY. But you do know you saw him?

Mr. ADONIS. Yes; I remember I saw him, but I don't know where.

Mr. HALLEY. Do you remember what you spoke to him about the last time you saw him before seeing him here?

Mr. ADONIS. No, sir.

Mr. HALLEY. Are you afflicted with a poor memory?

Mr. ADONIS. Not necessarily.

Mr. HALLEY. And you can't remember what you talked to Lipsky about last time you saw him?

Mr. ADONIS. No, sir.

Mr. HALLEY. Well, do you remember ever talking to Lipsky about Frank Costello?

Mr. ADONIS. No, sir.

Mr. HALLEY. You don't?

Mr. ADONIS. I don't recall it. It may have been; it may not have been.

Mr. HALLEY. You mean those things could have happened, and you just don't remember?

Mr. ADONIS. They were general conversations, and had no significance, as far as I am concerned.

Mr. HALLEY. That is not general conversation. I am talking about a specific meeting in a tailor shop, arranged by McGoldrick, at which you talked to Lipsky about Frank Costello. Do you remember that?

Mr. ADONIS. I don't recall the nature of the conversation. It wasn't of any great importance so far as I was concerned.

Mr. HALLEY. Mr. Adonis, it seems to me incredible that you should not have a better recollection of a meeting with Mr. Lipsky only a few months ago.

Mr. ADONIS. A few months ago?

Mr. HALLEY. He said it was during the fall of 1950.

Mr. ADONIS. It might have been, but I don't know what we talked about. It wasn't anything special.

Mr. HALLEY. Well, could it have been about who Mr. Costello was going to support for mayor?

Mr. ADONIS. I am not interested in that type of dealings.

Mr. HALLEY. I am sorry, I didn't hear you.

Mr. ADONIS. I said I am not interested in politics. I don't know why a discussion would come up along those lines. Mr. Lipsky well knows that.

Mr. HALLEY. If Mr. Lipsky testified here under oath that he had such a discussion with you, would you disagree with him?

Mr. ADONIS. No; I wouldn't disagree with him.

Mr. HALLEY. You wouldn't say that he was wrong?

Mr. ADONIS. He may have a better memory.

Mr. HALLEY. He may have a better memory than you?

Mr. ADONIS. That's right.

Mr. HALLEY. Well, what do you remember about the conversation with Mr. Lipsky in the tailor shop during the year 1950?

Mr. ADONIS. There wasn't anything of any importance that I should remember.

Mr. HALLEY. You can't remember any talk?

(The witness shook his head.)

Mr. HALLEY. Why meet in a tailor shop?

Mr. ADONIS. I might have been going there. It might have been my tailor.

Mr. HALLEY. Isn't that an unusual place to have a meeting?

Mr. ADONIS. No. What kind of meeting? You are making a great issue of a meeting that I never added any importance to it.

Mr. HALLEY. I am trying to refresh your recollection, Mr. Adonis.

Mr. ADONIS. Yes.

Mr. HALLEY. On what happened when you saw Mr. Lipsky in a tailor shop.

Mr. ADONIS. Nothing happened, as far as I am concerned.

Mr. HALLEY. Well, how did the meeting come about?

Mr. ADONIS. Well, we have known ourselves for years.

Mr. HALLEY. You have known yourself and he has himself, but how did you get together in this tailor shop?

Mr. ADONIS. By prearrangement, I suppose.

Mr. HALLEY. Who made the arrangement, and how?

Mr. ADONIS. Maybe McGoldrick did. He might have called me at home. We have exchanged calls time and time again.

Mr. HALLEY. You have no recollection whatsoever of that matter?

Mr. ADONIS. No, sir.

Mr. HALLEY. None at all?

Mr. ADONIS. No.

Mr. HALLEY. Your mind is a blank about it?

Mr. ADONIS. Absolute blank.

Mr. HALLEY. Did you ever have any interest in politics?

Mr. ADONIS. Meaning what?

Mr. HALLEY. Meaning did you ever have any interest in politics?

Mr. ADONIS. No interest whatsoever.

Mr. HALLEY. You ran a restaurant in Brooklyn about 20 years ago, on Carroll Street and Fourth Avenue?

Mr. ADONIS. That's right.

Mr. HALLEY. And then closed that restaurant up, and your brother opened another restaurant on Pineapple Street; is that right?

Mr. ADONIS. That's right.

Mr. HALLEY. And a great many people who were active in politics frequented your restaurant, did they not?

Mr. ADONIS. That's right.

Mr. HALLEY. And you became acquainted with them; isn't that right?

Mr. ADONIS. That's right.

Mr. HALLEY. And did you ever, from time to time, give any of them money to help in a primary fight?

Mr. ADONIS. I refuse to answer that question on the ground that it tends to incriminate me.

Mr. HALLEY. You understand that you are directed to answer that question?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Did you ever have any discussions with Mr. Lipsky about your giving people money in connection with primary fights in the Borough of Brooklyn, Kings County, New York City?

Mr. ADONIS. I don't recall any such discussion.

Mr. HALLEY. Do you remember ever telling Mr. Lipsky that you thought you were a sucker, putting so much money into political fights?

Mr. ADONIS. Not that I recall. I had no interest in it.

Mr. HALLEY. Well, aside from any discussions with Mr. Lipsky, are you able to state under oath that you never did give anybody any money to help in a primary fight?

Mr. ADONIS. I decline to answer that question on the ground that it tends to incriminate me.

Mr. HALLEY. Did you ever send money into an assembly district to help in a primary or an election campaign?

Mr. ADONIS. Not to my knowledge.

Mr. HALLEY. Did you ever hire men to go into a district and help one or another candidate in a campaign?

Mr. ADONIS. Not to my knowledge.

Mr. HALLEY. How long have you known Frank Quayle?

Mr. ADONIS. Twenty-five or thirty years.

Mr. HALLEY. And how long have you known Judge Joyce?

Mr. ADONIS. Oh, since I was a boy; 30 years or better.

Mr. HALLEY. Are these people who stayed at your restaurant and ate there frequently?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Why did these people come to your restaurant to eat; do you know?

Mr. ADONIS. I couldn't answer that question.

Mr. HALLEY. Did Jerome Ambro come to your restaurant frequently?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And did District Attorney Geoghan come to your restaurant frequently?

Mr. ADONIS. Not as I recall.

Mr. HALLEY. Did he ever?

Mr. ADONIS. I wouldn't recall that.

Mr. HALLEY. Did you know him?

Mr. ADONIS. Slightly.

Mr. HALLEY. Did you ever support Geoghan in the fight for the district attorney's position against Sam Liebowitz?

Mr. ADONIS. Not that I recall. I never took any active or inactive interest.

Mr. HALLEY. Do you remember in 1935 that the regular organization did buck Sam Liebowitz and supported Geoghan for district attorney?

Mr. ADONIS. That is very hazy in my mind, sir.

Mr. HALLEY. That is hazy in your mind?

Mr. ADONIS. Yes.

Mr. HALLEY. Do you remember knowing Jerry Ambro at that time?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And do you remember knowing Frank Quayle at that time?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Quayle was sheriff, was he not?

Mr. ADONIS. I believe he was, at that time.

Mr. HALLEY. And at that time Ambro was undersheriff?

Mr. ADONIS. I believe he was.

Mr. HALLEY. Do you remember that Ambro was fired out of his job as undersheriff for failing to go along with Geoghan?

Mr. ADONIS. No; I didn't remember any such thing.

Mr. HALLEY. Did you ever discuss with Quayle the question of whether or not Ambro should be summarily dismissed as undersheriff?

Mr. ADONIS. No, sir.

Mr. HALLEY. Did you know whether Mr. Ambro was dismissed?

Mr. ADONIS. There were some rumors to that effect.

Mr. HALLEY. There were some rumors?

Mr. ADONIS. I took no interest in them.

Mr. HALLEY. Did you ever talk to Ambro about it?

Mr. ADONIS. No, sir.

Mr. HALLEY. Up to that time he had been at your restaurant quite often; is that right?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. After that time you didn't see him again?

Mr. ADONIS. Yes, I did.

Mr. HALLEY. You did?

Mr. ADONIS. Yes.

Mr. HALLEY. When did you see him after he was dismissed as undersheriff?

Mr. ADONIS. Oh, I don't know. I saw him several times after that.

Mr. HALLEY. Did he ever discuss with you the reasons for his being fired?

Mr. ADONIS. He might have, but it was unimportant to me.

Mr. HALLEY. It was quite important to him, was it not?

Mr. ADONIS. It might have been to him, but it was unimportant to me; so I didn't have any interest in it.

Mr. HALLEY. What kind of discussions did you have with him about that?

Mr. ADONIS. I don't recall any specific discussions on that subject.

Mr. HALLEY. Did he ever ask you why he had been fired?

Mr. ADONIS. How would I know?

Mr. HALLEY. You were a good friend of Quayle's at that time, were you not?

Mr. ADONIS. I had never mingled in that.

Mr. HALLEY. What do you mean by that? Was your friendship confined to social events?

Mr. ADONIS. I tried to keep it as such; yes, sir.

Mr. HALLEY. You didn't mingle in politics at all?

Mr. ADONIS. No, sir.

The CHAIRMAN. Mr. Adonis, a little louder; we can't hear you.

Mr. ADONIS. I am sorry.

Mr. HALLEY. What sort of social relationships did you have? For instance, with Quayle?

Mr. ADONIS. Well, dinner, and go out to dinner, and to a show, maybe; and things of that nature.

Mr. HALLEY. Did you have such social relationship with any other people prominent in Brooklyn politics?

Mr. ADONIS. Not that I recall.

Mr. HALLEY. Just Quayle?

Mr. ADONIS. That's right.

Mr. HALLEY. Well, you did have such social relationship with Charlie Lipsky, did you not?

Mr. ADONIS. Well, if you can consider him a politician; yes.

Mr. HALLEY. And Frank Kelly?

Mr. ADONIS. No relationship of any kind.

Mr. HALLEY. You saw a great deal of him, did you not?

Mr. ADONIS. I would see him; yes.

Mr. HALLEY. He would come to your restaurant very often?

Mr. ADONIS. I don't see him too often; no. I don't know if he was ever there.

Mr. HALLEY. Several witnesses have said he was there very often.

Mr. ADONIS. Then they may be right.

Mr. HALLEY. They may be right?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. How about Kenneth Sutherland; did you know him well?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And Irwin Steingut?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And Anthony DiGiovanni?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And Bill O'Dwyer?

Mr. ADONIS. Slightly.

Mr. HALLEY. And Jim Moran?

Mr. ADONIS. Slightly.

Mr. HALLEY. And Sheriff Mangano, James Mangano?

Mr. ADONIS. Very well.

Mr. HALLEY. You knew him very well?

Mr. ADONIS. Yes.

Mr. HALLEY. In fact, were you not a guest of honor at a dinner given at the St. George Hotel in honor of Mangano?

Mr. ADONIS. That's right.

Mr. HALLEY. To that extent, you did mix in political affairs; is that right?

Mr. ADONIS. Oh, frequently, a lot of them.

Mr. HALLEY. You made a point of going to a lot of these dinners?

Mr. ADONIS. Not a point of them. I felt that I was obligated; just where I was obligated to. If they were friends of close nature.

Mr. HALLEY. How would you be obligated to go to these dinners?

Mr. ADONIS. If a fellow was that close to me, and he asked me to go to a dinner, I would go.

Mr. HALLEY. In other words, you went to the dinner for Mangano because you were asked to go by him?

Mr. ADONIS. That's right.

Mr. HALLEY. For who else did you ever go to a dinner?

Mr. ADONIS. Oh, I wouldn't recall.

Mr. HALLEY. Did Quayle ever ask you to go to a dinner?

Mr. ADONIS. I have been to his dinners.

Mr. HALLEY. You have been to his dinners?

Mr. ADONIS. Yes.

Mr. HALLEY. When you went, did you buy a table of many seats, or would you just go alone?

Mr. ADONIS. No, I probably bought a table.

Mr. HALLEY. And you would invite guests?

Mr. ADONIS. Right.

Mr. HALLEY. Did Kenneth Sutherland ever ask you to buy a table at a dinner?

Mr. ADONIS. Not that I recall; I don't know about him.

Mr. HALLEY. Did Steingut?

Mr. ADONIS. I wouldn't know.

Mr. HALLEY. You just don't remember one way or the other?

Mr. ADONIS. That's right.

Mr. HALLEY. DiGiovanni?

Mr. ADONIS. No; I never attended any dinner given by him.

Mr. HALLEY. Now, Lipsky said that he discussed with you on some occasions your giving hand-outs and touches to——

Mr. ADONIS. Who did?

Mr. HALLEY (continuing:). To politicians and others. But we were talking particularly about politicians during primary campaigns. Do you recall any such conversations with Lipsky?

Mr. ADONIS. Along what lines?

Mr. HALLEY. About whether or not it was advantageous for you to give financial assistance to leaders in their primary fights in Brooklyn.

Mr. ADONIS. I don't recall that, no. It might have come about.

Mr. HALLEY. It might have come up?

Mr. ADONIS. Yes.

Mr. HALLEY. And do you still refuse to answer whether or not you ever did give such financial assistance?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. What is your present business?

Mr. ADONIS. I don't have any at the time.

Mr. HALLEY. You have no business at all?

Mr. ADONIS. No.

Mr. HALLEY. Have you disassociated yourself from the Automotive Conveyance Co.?

Mr. ADONIS. I decline to answer that question on the ground that it might tend to incriminate me.

Mr. HALLEY. How can that question possibly incriminate you?

Mr. ADONIS. Well, as I recall, Mr. Halley, we went over those questions in a previous hearing, and you specifically stated that we weren't going to go over those questions again.

Mr. HALLEY. The present question is whether, since then, you have given up any association with that business.

Mr. ADONIS. I still decline to answer on the same grounds.

The CHAIRMAN. All right. Let's get on.

Mr. HALLEY. You just won't talk about your connection with the Ford Co.?

Mr. ADONIS. Well, if you want to put it that way.

Mr. HALLEY. What other legitimate occupations have you had in the last 5 years?

Mr. ADONIS. I decline to answer on the same grounds.

Mr. HALLEY. Have you engaged in a business of producing television or selling television?

Mr. ADONIS. I decline to answer on the same grounds.

Mr. HALLEY. Were you ever in a partnership in connection with the television business with Frank Costello?

Mr. ADONIS. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. Or with Meyer Lansky?

Mr. ADONIS. I decline to answer on the same grounds.

Mr. HALLEY. Or with any other persons?

Mr. ADONIS. I decline to answer on the same grounds?

Mr. HALLEY. Do you know a man named Chirri?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. What is his full name?

Mr. ADONIS. Charles Chirri.

Mr. HALLEY. Charles Chirri?

Mr. ADONIS. Yes.

Mr. HALLEY. And he has some connection with this Automotive Conveyance Co.; does he not?

Mr. ADONIS. I decline to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Do you whether he has a relative named Muscio?

Mr. ADONIS. I wouldn't know.

Mr. HALLEY. A son-in-law?

Mr. ADONIS. I wouldn't know.

Mr. HALLEY. You wouldn't know that?

Mr. ADONIS. I know he has a son-in-law. I don't know his name.

Mr. HALLEY. Have you ever met his son-in-law?

Mr. ADONIS. I don't know whether I ever have or not.

The CHAIRMAN. We can't hear you, Mr. Adonis.

Mr. ADONIS. I'm sorry.

The CHAIRMAN. Do you know Alfred E. Muscio?

Mr. ADONIS. I don't believe I do, no.

Mr. HALLEY. Do you know a P. Vincent Viggiano?

Mr. ADONIS. Who?

Mr. HALLEY. Viggiano, Vincent Viggiano, a district leader in Manhattan.

Mr. ADONIS. The name don't mean anything to me.

Mr. HALLEY. Do you know Louis DeSalvio?

Mr. ADONIS. That name don't mean anything either.

Mr. HALLEY. Or Duke Viggiano?

Mr. ADONIS. I wouldn't know.

Mr. HALLEY. Those people are not known to you at all?

Mr. ADONIS. No, sir.

Mr. HALLEY. But do you know that Jerry has a son-in-law who is in politics?

Mr. ADONIS. I know he has a son-in-law. His business I do not know.

Mr. HALLEY. You don't know his business?

Mr. ADONIS. No, sir.

Mr. HALLEY. You have met him?

Mr. ADONIS. Maybe I have.

Mr. HALLEY. Have you ever had occasion to put in a good word for Jerry's son-in-law with Frank Costello?

Mr. ADONIS. No, sir.

Mr. HALLEY. Have you had anything to do with Muscio's being nominated for New York City Council?

Mr. ADONIS. No, sir.

Mr. HALLEY. Did you ever discuss that with anybody?

Mr. ADONIS. No, sir.

Mr. HALLEY. Now, Mr. Adonis, do you know a man named Cassese?

Mr. ADONIS. Who?

Mr. HALLEY. Cassese. I refer to Vincent Cassese.

Mr. ADONIS. The name don't mean a thing.

Mr. HALLEY. C-a-s-s-e-s-e?

Mr. ADONIS. Don't mean a thing.

Mr. HALLEY. Do you know Frank Leone? That is an alias of Cassese's.

Mr. ADONIS. No, sir.

Mr. HALLEY. Have you ever had anything to do with the policy racket in New York City?

Mr. ADONIS. Going back to the same questions now?

Mr. HALLEY. No, this is very specific this time.

Mr. ADONIS. Oh, I decline to answer on the same grounds.

Mr. HALLEY. Do you know a man named Frank Marro?

Mr. ADONIS. I don't know whether I do or not.

Mr. HALLEY. Do you know a man named Petey Marino?

Mr. ADONIS. I don't know as I do or not.

Mr. HALLEY. Do you know Bucky Colucci?

Mr. ADONIS. I don't know.

Mr. HALLEY. Do you know Toto Morino?

Mr. ADONIS. I don't know. The name is familiar.

Mr. HALLEY. The name is familiar?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Do you say the name of Cassese is not familiar?

Mr. ADONIS. No, sir.

Mr. HALLEY. Is the name Leone also unfamiliar, Frank Leone?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Did you ever hear that two men named Cassese and Marino testified before the grand jury of Kings County?

Mr. ADONIS. Did I ever hear?

Mr. HALLEY. Yes.

Mr. ADONIS. No, sir.

Mr. HALLEY. Did you ever have occasion to hold a kangaroo court for anybody?

Mr. ADONIS. What is the meaning of a kangaroo court?

Mr. HALLEY. Well, to set up an informal trial for anybody?

Mr. ADONIS. No, sir.

Mr. HALLEY. You never had occasion to do it? Not at any time?

Mr. ADONIS. No, sir.

Mr. HALLEY. Particularly did you have occasion to set up a kangaroo court for Cassese and Marro?

Mr. ADONIS. It's all Greek to me. I don't recall any such instance.

Mr. HALLEY. Did you have occasion to reprimand Cassese for having stated that he recognized Marro?

Mr. ADONIS. No, sir.

Mr. HALLEY. This matter is all foreign to you?

Mr. ADONIS. It's all Greek.

Mr. HALLEY. And you feel that Peter Marino and Toto Marino are also Greek to you, or is there a vague familiarity about them?

Mr. ADONIS. There is a vague familiarity, we will put it that way.

Mr. HALLEY. Is it possible that you have ever seen Toto Marino?

Mr. ADONIS. Yes, it could be.

Mr. HALLEY. Is it possible that you have ever done any business?

Mr. ADONIS. No business.

Mr. HALLEY. With Toto Marino?

Mr. ADONIS. No.

Mr. HALLEY. Or had any business relationship with him?

Mr. ADONIS. No, sir.

Mr. HALLEY. Do you know Scarfare Phil, also known as John Villafrate?

Mr. ADONIS. I don't know who the gentleman is.

Mr. HALLEY. Never heard of him?

Mr. ADONIS. No.

Mr. HALLEY. Do you know Joe Pitts?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. He is also known as Dominick Patiето? That is his real name?

Mr. ADONIS. I don't know if I know him. If that's the same, yes, I know him.

Mr. HALLEY. Well, you know a gentleman known as Joe Pitts, is that right?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Have you ever had any business relationships with him?

Mr. ADONIS. No, sir.

Mr. HALLEY. Do you know whether or not he is a bookie?

Mr. ADONIS. I wouldn't know, sir.

Mr. HALLEY. When did you last see Joe Pitts?

Mr. ADONIS. I don't recall.

Mr. HALLEY. Did you see Joe Pitts in the year 1951?

Mr. ADONIS. No.

Mr. HALLEY. Did you see him——

Mr. ADONIS. I don't believe I have.

Mr. HALLEY. You don't believe you have?

Mr. ADONIS. No.

Mr. HALLEY. Did you see him in the year 1950?

Mr. ADONIS. I would say I have.

Mr. HALLEY. How often?

Mr. ADONIS. Very seldom.

Mr. HALLEY. Where did you see Joe Pitts in the year 1950?

Mr. ADONIS. I don't know. It might have been somewhere in Brooklyn, Coney Island, or something.

Mr. HALLEY. Do you know whether or not he is a bookie?

Mr. ADONIS. I wouldn't know.

Mr. HALLEY. He doesn't work for you?

Mr. ADONIS. No, sir.

Mr. HALLEY. Do you know Sam Nastacia?

Mr. ADONIS. Who?

Mr. HALLEY. Sam N-a-s-t-a-c-i-a, Sam Nastacia?

Mr. ADONIS. The name doesn't mean anything.

Mr. HALLEY. Did you ever hear of the Eskay Coal & Fuel Co.?

Mr. ADONIS. Eskay?

Mr. HALLEY. Yes, E-s-k-a-y Coal & Fuel Co.?

Mr. ADONIS. No, sir.

Mr. HALLEY. You never heard of it?

Mr. ADONIS. No, sir.

Mr. HALLEY. Do you have any residence or place of business located at 24 Thirty-ninth Street, Brooklyn?

Mr. ADONIS. No, sir.

Mr. HALLEY. Have you ever had a Chrysler club coupe?

Mr. ADONIS. No, sir.

Mr. HALLEY. 1947?

Mr. ADONIS. No, sir.

Mr. HALLEY. At no time?

Mr. ADONIS. At no time.

Mr. HALLEY. What type of automobile do you own?

Mr. ADONIS. A Mercury.

Mr. HALLEY. Do you have any other automobile?

Mr. ADONIS. My wife has one.

Mr. HALLEY. What kind does she have?

Mr. ADONIS. Cadillac.

Mr. HALLEY. Are there any other automobiles in the family?

Mr. ADONIS. No, sir—the family?

Mr. HALLEY. Yes.

Mr. ADONIS. My boy has got a 1941 Buick.

Mr. HALLEY. And there are no Chryslers in your family?

Mr. ADONIS. No, sir.

Mr. HALLEY. Now, there is one matter we did talk about in Washington when you appeared, Mr. Adonis, that I do feel that we should go into again. Do you remember answering some questions about your stay at Hot Springs last year?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. I think I asked you if you were there at the same time that Mr. Arthur Samish was there; is that right?

Mr. ADONIS. I believe that's right.

Mr. HALLEY. I believe you did say you did see him when you were there; is that right?

Mr. ADONIS. Yes; I believe that was the answer.

Mr. HALLEY. And that you knew him?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. You also said that there was E. J. McGrath there; is that right?

Mr. ADONIS. That's right.

Mr. HALLEY. In fact you and Mr. McGrath shared a suite; is that correct?

Mr. ADONIS. That's correct.

Mr. HALLEY. Is McGrath the brother-in-law of Dunn?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. The water-front man?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And McGrath also is a prominent person in water-front activities; is he not?

Mr. ADONIS. I don't know how prominent he is.

Mr. HALLEY. Well, he is an official of a union; is he not?

Mr. ADONIS. Not that I know of.

Mr. HALLEY. Well, that is his business, is it not—water-front organization?

Mr. ADONIS. I believe it is. I don't know in what capacity.

Mr. HALLEY. I'm sorry?

Mr. ADONIS. I say, I don't know in what capacity.

Mr. HALLEY. You have never talked to him about it?

Mr. ADONIS. Very slightly.

Mr. HALLEY. How well do you know McGrath?

Mr. ADONIS. I know him quite well.

Mr. HALLEY. How long have you known him?

Mr. ADONIS. Oh, 10 or 15 years.

Mr. HALLEY. Have you ever had any connection with any water-front activity?

Mr. ADONIS. No, sir.

Mr. HALLEY. Have you ever before lived for any appreciable period of time with McGrath?

Mr. ADONIS. Not that I recall.

Mr. HALLEY. I believe the records of the Arlington Hotel at Hot Springs, Ark., show that you and McGrath checked in on April 17 and stayed until May 8, 1950; is that correct?

Mr. ADONIS. Somewhere around there.

Mr. HALLEY. And you occupied the same suite?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And you were on very friendly terms?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. But you never talked about any of his business on the water front?

Mr. ADONIS. No, sir.

Mr. HALLEY. Are you still on friendly terms with McGrath?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Are you on friendly enough terms to know where he is now? The committee is looking for him.

Mr. ADONIS. No, sir.

Mr. HALLEY. We have a subpoena out for him and we have not been able to find him.

Mr. ADONIS. Oh, you have? I didn't know.

Mr. HALLEY. Do you think you might see him in the next day or so and tell him that the committee is looking for him?

Mr. ADONIS. I don't believe so.

Mr. HALLEY. Did you have any business with Mr. McGrath in the last 10 years?

Mr. ADONIS. Never had any business with McGrath.

Mr. HALLEY. You have never had any business relations with McGrath?

Mr. ADONIS. No, sir.

Mr. HALLEY. Just been good friends?

Mr. ADONIS. Right.

Mr. HALLEY. Have you had any dealings of any kind with any stevedoring union or stevedoring company?

Mr. ADONIS. Not that I know of.

Mr. HALLEY. No activities whatsoever on the water front?

Mr. ADONIS. No activities.

Mr. HALLEY. What is the basis of your friendship with McGrath?

Mr. ADONIS. He is a nice fellow and I like him.

Mr. HALLEY. How did you get to meet him?

Mr. ADONIS. Oh, through some introduction somewhere along the line.

Mr. HALLEY. Did you know his brother-in-law, Dunn, pretty well, too?

Mr. ADONIS. Slightly.

Mr. HALLEY. He was a nice fellow, too?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. By the way, you know Meyer Lansky fairly well, don't you?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Did you happen to be in Florida in 1947 when Lansky was down there with Dunn?

Mr. ADONIS. Not that I recall; no.

Mr. HALLEY. Did you happen to see Lansky in Florida in 1947?

Mr. ADONIS. Yes. Every time I go to Florida and he is there I see him.

Mr. HALLEY. Did you happen to see Dunn there in 1947?

Mr. ADONIS. Not that I recall. I don't believe so.

Mr. HALLEY. Was McGrath in Florida with you in 1947?

Mr. ADONIS. I don't know whether he was or not.

Mr. HALLEY. Have you ever gone on a vacation together before last year?

Mr. ADONIS. Not that I recall.

Mr. HALLEY. What was the occasion of you and McGrath going to the Arlington Hotel at Hot Springs last April?

Mr. ADONIS. For the baths.

Mr. HALLEY. You both felt in need to take baths for 3 weeks?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And so far as you know, Famisch was just there taking a bath, too?

Mr. ADONIS. So far as I know; yes, sir.

Mr. HALLEY. Harry Stromberg, do you know him?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. That is Nig Rosen; is it not?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. He was there at the same time, too, wasn't he?

Mr. ADONIS. I don't know whether he was or not. I don't recall seeing him.

Mr. HALLEY. You don't remember seeing him?

Mr. ADONIS. No.

Mr. HALLEY. Did you know Leslie Cruz of Chicago?

Mr. ADONIS. I don't know whether I do or not.

Mr. HALLEY. He was connected with the Racing Wire Service?

Mr. ADONIS. I don't know. I may have known him.

Mr. HALLEY. You may have known him?

Mr. ADONIS. Yes.

Mr. HALLEY. He was there at the same time, too?

Mr. ADONIS. Not that I know of.

Mr. HALLEY. You had no talks with him?

Mr. ADONIS. I don't know who the fellow is, Mr. Halley.

Mr. HALLEY. Now, have you any business at the present time with a Jack Friedlander in Miami?

Mr. ADONIS. I told you I am out of business. I don't have any business at the present time.

Mr. HALLEY. Did you have any business with Friedlander in the year 1950, during the months of April or May?

Mr. ADONIS. No, sir.

Mr. HALLEY. Did you have occasion to call Friedlander?

Mr. ADONIS. No, sir.

Mr. HALLEY. Or did Friedlander have occasion to call you?

Mr. ADONIS. I wouldn't know.

Mr. HALLEY. Do you know whether Friedlander called either you or McGrath at the suite you occupied together at the Arlington Hotel on May 1, 1950?

Mr. ADONIS. I wouldn't know.

Mr. HALLEY. In other words, if there was a phone call it was from Friedlander to McGrath rather than to you?

Mr. ADONIS. I couldn't specifically put my finger on it. Maybe he called me or McGrath, or vice versa.

Mr. HALLEY. You know Friedlander; don't you?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. Have you ever been in business with him?

Mr. ADONIS. No, sir.

Mr. HALLEY. Never had any business relationship with Friedlander?

Mr. ADONIS. No, sir.

Mr. HALLEY. Do you know what Friedlander's business is?

Mr. ADONIS. No, sir.

Mr. HALLEY. Do you know Tony Bender?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And the L. & C. Co. in New Jersey?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And the B. & T. Trading Co. in New Jersey?

Mr. ADONIS. Yes, sir.

Mr. HALLEY. And the Pal Trading Co. in New Jersey?

Mr. ADONIS. Same position.

Mr. HALLEY. And the General Trading Co.?

Mr. ADONIS. Same position.

Mr. HALLEY. And the Lodi establishment; you was still unwilling to tell the committee what you know about that?

Mr. ADONIS. Still decline to answer on the grounds it might tend to incriminate me.

Mr. HALLEY. Mr. Chairman, I have no further questions at this time.

The CHAIRMAN. Senator O'Connor.

Senator O'CONNOR. Only just one or two questions. At the outset you, in a prepared statement, very carefully prepared and very clear in its statement, indicated that members of this committee might be prejudiced against you, although you did not use that term, and that numerous accusations had been made against you, one of which was that you were a party, or a part of, a crime syndicate. Now, just speaking as one of the members of the committee, I do not recall ever having made any statement about you at all and I was wondering if you have anything more specific to mention as to what you base that statement on.

Mr. ADONIS. Yes; we have some more specific material on those lines.

Senator O'CONNOR. Well, now, I assume that you would want to make that known in your own behalf and your own interest, so here now is an opportunity that you are afforded to refute and to contradict anything that any member of this committee or the committee as a whole has said against you.

Mr. ADONIS. Well, the interim report that this committee sent out a week or so ago; that speaks for itself. I don't know the exact terms.

Senator O'CONNOR. Well, now, that is exactly what I was leading up to. You do, then, challenge certain of the statements in the interim report?

Mr. ADONIS. I don't challenge anything. I don't challenge anything; I have been accused.

Senator O'CONNOR. I thought that is what you base the statement on, that you had been falsely accused, and that you stated that the apparent and sole purpose of this investigation was to obtain evidence against you, and that you had been accused of being a member of a crime syndicate which is, you say, untrue; which you indicate is untrue.

My question is whether you do not want to take this opportunity to contradict or to set straight anything that the committee may have said against you which is untrue or false.

Mr. ADONIS. Not at this time.

Senator O'CONOR. After consulting with counsel, do you want to say anything further on that?

Mr. ADONIS. Would the committee be willing to retract anything they might have said against me?

Senator O'CONOR. Of course, I cannot speak for the committee. But I assume the committee stands upon its report.

Now, you are being given this opportunity to have your say. Here is the chance now to have it said publicly and for the information of anybody and everybody, anything that you want to say in correction in what the committee has alleged against you.

Do you want to take that opportunity, and here is the chance?

Mr. ADONIS. Not at this present time, no. There is no doubt in my mind that the committee has sought evidence to prosecute me.

Senator O'CONOR. But do you still say the committee has accused you falsely?

Mr. ADONIS. I decline to answer that.

Senator O'CONOR. You do not make any such accusation, then?

Mr. ADONIS. No.

Senator O'CONOR. For example, one of the statements in the—do you want to consult with counsel about that?

Mr. ADONIS. All I know is that I have been accused of crime time and time again, publicly and otherwise, by this committee; and the press has at least carried that.

Senator O'CONOR. And you ended up by saying that you do not want to testify against yourself, in that prepared statement.

Mr. ADONIS. That's right.

Senator O'CONOR. My point is that you now have a chance to testify for yourself. Do you want to take advantage of it?

Mr. ADONIS. I don't see the point.

Senator O'CONOR. One of the statements contained in the report, and I just cite this as an instance, is from page 13, in which it says:

The G. & R. Trading Co. ran a gambling operation in northern New Jersey. Gross receipts were shown on the tax return of this corporation of \$488,698, and a net of \$255,271, which was divided between—

and mentions the names of five persons, one of which is your own name. Against your name is the figure of \$76,581.

Now, is there any statement you want to make in contradiction of that, or in refutation of that?

Mr. ADONIS. No, sir. I still decline to answer that question.

Senator O'CONOR. The only point I want to clear up is this: Whether you have anything that you can point to where you have been falsely accused.

Mr. ADONIS. I don't care to discuss that at this time.

Senator O'CONOR. All right; that is all.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. Mr. Adonis, were you ever a partner, or have any interest in the Piping Rock Casino at Saratoga?

Mr. ADONIS. I decline to answer that question, sir, on the grounds it might tend to incriminate me.

Senator TOBEY. That is all.

The CHAIRMAN. Mr. Adonis, you asked a question a minute ago, if the committee would retract or apologize, or take back anything that was said, about you. I think, on behalf of the committee, I will make you this proposition:

If you want to testify about some of these matters that we have alleged about you, and anything develops where we have made any improper statement or false statement about you, we will certainly take it back; we will retract it.

Mr. ADONIS. Not in view of all that has been said about me, Senator, by this committee; I couldn't start to bargain here.

The CHAIRMAN. If you want to point to anything wrong that has been said about you in this report, and show evidence that it is incorrect, we will retract that, too.

Mr. ADONIS. I said, Senator, maybe I shall have my day in court to refute that.

The CHAIRMAN. But you don't want to do it here?

Mr. ADONIS. No, sir.

The CHAIRMAN. We will spend any amount of time with you, so that if you want to talk about anything, we will take it up.

All right; that is all.

(Witness excused.)

The CHAIRMAN. Now, we would like to recess this meeting at 5:30. Do you have a brief witness?

Mr. HALLEY. I think it would be best to stop now.

The CHAIRMAN. Whom do you have who will be a short witness?

Mr. HALLEY. We can put on Mr. Cassese now.

The CHAIRMAN. Call Mr. Cassese, then. We will let him go on until 5:30, and we will recess shortly, at 5:30.

Will you take the stand?

Do you swear, sir, that the testimony you will give will be the whole truth, and nothing but the truth, so help you God?

Mr. CASSESE. Yes, sir.

The CHAIRMAN. Are you, sir, counsel for Mr. Cassese?

Mr. HEALY. Yes, sir; Leo Healy, 16 Court Street, Brooklyn.

The CHAIRMAN. All right, Mr. Healy, why don't you sit in the chair there?

Mr. HEALY. Thank you.

The CHAIRMAN. All right, Mr. Halley, go ahead.

**TESTIMONY OF VINCENT CASSESE, BROOKLYN, N. Y., ACCOMPANIED
BY LEO HEALY, ATTORNEY, BROOKLYN, N. Y.**

Mr. HALLEY. What is your full name?

Mr. CASSESE. Vincent Cassese.

Mr. HALLEY. And where do you live?

Mr. CASSESE. 927 Eightieth Street, Brooklyn.

Mr. HALLEY. Have you ever been convicted of a crime?

Mr. CASSESE. Yes, sir.

Mr. HALLEY. On what occasion, and for what offense?

Mr. CASSESE. Quite a few years ago, I was arrested for, I think it was, burglary, and convicted.

The CHAIRMAN. I didn't understand you, Mr. Cassese.

Mr. CASSESE. Quite a few years ago I was arrested, I think it was for burglary, and convicted.

The CHAIRMAN. All right.

Mr. HALLEY. Have you been convicted for possession of policy slips?

Mr. CASSESE. I think I was.

Mr. HALLEY. In 1937?

Mr. CASSESE. I don't recall the date, sir.

Mr. HALLEY. The grand larceny conviction was in 1932, wasn't it?

Mr. CASSESE. About that time.

Mr. HALLEY. And the policy slips was in 1937?

Mr. CASSESE. I couldn't remember the dates of it.

Mr. HALLEY. But if the record so shows, you would not contest it; is that right?

Mr. CASSESE. I wouldn't.

Mr. HALLEY. Have you since then been in the policy business?

Mr. CASSESE. In the policy business? In what way do you mean that?

Mr. HALLEY. Have you operated a policy bank?

Mr. CASSESE. I have not operated a policy bank, no.

Mr. HALLEY. Do you know what a policy bank is?

Mr. CASSESE. Yes.

Mr. HALLEY. What is your present business?

Mr. CASSESE. Right now, nothing. I help my father-in-law in his restaurant, on and off, and make a living.

Mr. HALLEY. What restaurant is that?

Mr. CASSESE. An Italian restaurant at Ashland and Bolivar Streets.

Mr. HALLEY. In Brooklyn?

Mr. CASSESE. Yes.

Mr. HALLEY. What is the name of the restaurant?

Mr. CASSESE. Luigi's Restaurant.

Mr. HALLEY. When did you last have anything whatsoever to do with the policy business in Brooklyn?

Mr. CASSESE. A few years ago. I just can't remember how long.

Mr. HALLEY. Well, were you questioned by the district attorney's office in Kings County recently?

Mr. CASSESE. Yes, sir.

Mr. HALLEY. Concerning a policy racket?

Mr. CASSESE. Yes, sir.

Mr. HALLEY. And at that time was there a man named Frank Marro questioned with you?

Mr. CASSESE. Questioned with me?

Mr. HALLEY. Yes.

Mr. CASSESE. No. I don't think he was questioned with me, no.

Mr. HALLEY. At the same time, generally?

Mr. CASSESE. No; no questions at all were asked between us, I don't think.

Mr. HALLEY. Did you know Frank Marro?

Mr. CASSESE. I know him, yes.

Mr. HALLEY. How long have you known Frank Marro?

Mr. CASSESE. I did know him quite a few years ago, when I was, I would probably say, a kid.

Mr. HALLEY. When did you last see him, aside from any time you may have seen him in the district attorney's office or in court in Brooklyn?

Mr. CASSESE. I seen him, I think, just the night before, or two or three night previous to the day I seen him in the district attorney's office.

Mr. HALLEY. What was the occasion of your seeing him on that night?

Mr. CASSESE. The occasion? It was just an accident.

Mr. HALLEY. You just bumped into him?

Mr. CASSESE. Yes, sir.

Mr. HALLEY. When did you last have any business with Frank Marro?

Mr. CASSESE. I never had any business with Frank Marro.

Mr. HALLEY. Do you know Petey Marino?

Mr. CASSESE. No.

Mr. HALLEY. Do you know Toto Marino?

Mr. CASSESE. No, sir.

Mr. HALLEY. Do you know Joe Adonis?

Mr. CASSESE. No, sir.

Mr. HALLEY. Did you know Joe Adonis prior to meeting him, perhaps, in the anteroom here?

Mr. CASSESE. I didn't know him previous to meeting him here or any other place.

Mr. HALLEY. Do you know an assistant district attorney in Brooklyn named Aaron E. Koota?

Mr. CASSESE. I think he was the one who questioned me——

Mr. HALLEY. You remember your testifying before the grand jury, do you?

Mr. CASSESE. Yes. You mean, do I remember if I testified before the grand jury? Do I remember that?

Mr. HALLEY. Yes.

Mr. CASSESE. Yes; sure.

Mr. HALLEY. And were you asked any questions with reference to Marro before the grand jury?

Mr. CASSESE. Just, I think, if I know him.

Mr. HALLEY. And did you say you did?

Mr. CASSESE. I did.

Mr. HALLEY. Did anybody thereafter reprimand you for having admitted that you knew Marro?

Mr. CASSESE. What do you mean, reprimand——

Mr. HALLEY. Did anyone tell you that you should not have admitted that you knew Marro?

Mr. CASSESE. No.

Mr. HALLEY. Did Joe Adonis tell you that?

Mr. CASSESE. I don't know Joe Adonis.

Mr. HALLEY. Did anybody talk to you about your testimony before the grand jury prior to this?

Mr. CASSESE. No; just me and my lawyer.

Mr. HALLEY. No other person except your lawyer?

Mr. CASSESE. That's right.

Mr. HALLEY. Didn't Joe Adonis tell you that you should not have admitted you knew Marro?

Mr. CASSESE. I don't know Joe Adonis.

Mr. HALLEY. Did not Joe Adonis tell you that you should not have admitted you knew Marro?

Mr. CASSESE. I don't know.

Mr. HALLEY. Do you remember having been urged by the district attorney to go back into the grand jury to tell the truth?

Mr. CASSESE. Was I urged by the grand jury?

Mr. HALLEY. By the district attorney.

Mr. CASSESE. Do I go into the grand jury and tell the truth?

Mr. HALLEY. Yes.

Mr. CASSESE. Well, I think I have always told the truth, to the best of my ability, in front of them.

Mr. HALLEY. Didn't Mr. Koota urge you to go back into the grand jury and purge yourself?

Mr. CASSESE. No.

Mr. HALLEY. Didn't he use that language?

Mr. CASSESE. I don't know—not to my knowledge.

Mr. HALLEY. Well, did he urge you to go into the grand jury and state the facts?

Mr. CASSESE. What do you mean by "urge"? Did he argue me to go back?

Mr. HALLEY. Yes.

Mr. CASSESE. There was no argument there.

Mr. HALLEY. Did he advise you to go back?

Mr. CASSESE. Go back? I never came out.

Mr. HALLEY. You are out of there now.

Mr. CASSESE. I mean I was never argued to go back and tell the truth, what you mean, or to perjure myself—what you're coming out with.

Mr. HALLEY. Not to perjure yourself—to purge yourself. Let me put it this way: Didn't you have a talk with the assistant district attorney after you appeared in the grand jury?

Mr. CASSESE. I think we did have a talk, and my counsel was present at the time.

Mr. HALLEY. Didn't he urge you to go back to the grand jury room and tell the truth?

Mr. CASSESE. I don't recall whether he urged me or—I don't urge or argue. I don't know whether it means the same. I don't—

Mr. HALLEY. Well, did he say anything like that?

Mr. CASSESE. I just can't remember that.

Mr. HALLEY. You don't deny that he might have urged you to go back to the grand jury room?

Mr. CASSESE. No; I wouldn't deny it.

Mr. HALLEY. Do you remember whether you said to him, and I will quote it—"If I were to tell the truth, I would be found dead in the street. I cannot tell the truth"?

Mr. CASSESE. I did not say that.

Mr. HALLEY. Did you say that?

Mr. CASSESE. I did not.

Mr. HALLEY. You are sure you did not say that?

Mr. CASSESE. Positive.

Mr. HALLEY. I have no other questions, Mr. Chairman.

The CHAIRMAN. Any questions?

Senator TOBEY. No.

Senator O'CONOR. No.

The CHAIRMAN. That is all.

(Witness excused.)

The CHAIRMAN. It is now 5:30, and we will recess until 9:30 in the morning. We have to start at 9:30 in the morning. The committee is now adjourned.

(Whereupon, at 5:30 p. m., the committee adjourned until 9:30 a. m., Tuesday, March 13, 1951.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, MARCH 13, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

The committee met, pursuant to adjournment, at 9:30 a. m., twenty-eighth floor, United States courthouse, Foley Square, New York City, N. Y., Senator Estes Kefauver (chairman); O'Connor, presiding; and Tobey.

Also present: Rudolph Halley, chief counsel, James Walsh, Alfred Klein, Joseph Nellis, David Shvitz, Reuben Lazarus, and Louis Yavner, counsel.

Senator O'CONNOR (presiding). The committee will come to order.

We will proceed with the second day of hearing. The first witness to be called is Frank Costello.

Apparently the witness is not available at the moment, possibly because of the change in time; and the first witness will be Jerome Ambro.

Are you Jerome Ambro?

Mr. AMBRO. That's right.

Senator O'CONNOR. Do you solemnly swear the testimony you shall give in this hearing shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. AMBRO. I do, yes.

Senator O'CONNOR. Your name is spelled——

Mr. AMBRO. J-e-r-o-m-e G. A-m-b-r-o.

Senator O'CONNOR. Thank you. You started off remarkably well in keeping your voice up. Will you continue to do so?

Mr. AMBRO. I have a very loud voice.

Senator O'CONNOR. We will be obliged to you, so all can hear.

Mr. AMBRO. Yes, sir.

Senator O'CONNOR. And your address?

Mr. AMBRO. 167 Central Avenue, Brooklyn.

Senator O'CONNOR. Thank you.

Counsel, will you proceed.

**FURTHER TESTIMONY OF JEROME G. AMBRO, BROOKLYN, N. Y.,
ASSISTANT ATTORNEY GENERAL, STATE OF NEW YORK**

Mr. HALLEY. What is your occupation?

Mr. AMBRO. Presently, I am assistant attorney general of the State of New York.

Mr. HALLEY. Are you an attorney?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. Mr. Ambro, do you or did you ever know Joe Adonis?

Mr. AMBRO. Yes.

Mr. HALLEY. When did you first meet him?

Mr. AMBRO. In the early thirties; 1930. The early thirties; 1930; between 1930 and 1935.

Mr. HALLEY. Who introduced you to Joe Adonis?

Mr. AMBRO. One of a number of men, namely, Ambassador O'Dwyer; Assemblyman Irwin Steingut; former sheriff, former Commissioner Frank Quayle; and a former, well, the late Democratic county leader of Kings County, Frank Kelly.

Mr. HALLEY. It might have been any of them?

Mr. AMBRO. Yes.

Mr. HALLEY. Where did you meet him?

Mr. AMBRO. In his restaurant at Fourth Avenue and Carroll Street.

Mr. HALLEY. At that time, what was your occupation?

Mr. AMBRO. I was undersheriff of Kings County.

Mr. HALLEY. You were undersheriff of Kings County?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. At that time were you a district leader in the county of Kings?

Mr. AMBRO. Yes, sir.

Mr. HALLEY. In what district?

Mr. AMBRO. Nineteenth Assembly District at that time. Since, there was reapportionment.

Mr. HALLEY. How long had you been leader?

Mr. AMBRO. I was elected in 1932. I was against the organization; 1932, I was elected.

Mr. HALLEY. And how long did you remain leader?

Mr. AMBRO. Till 1938.

Mr. HALLEY. Now, when you were elected leader, you were a rebel, an insurgent?

Mr. AMBRO. An insurgent, I would say; a rebel, let's call it.

Mr. HALLEY. I understand that you made peace with the organization; is that right?

Mr. AMBRO. No; not necessarily; never did.

Mr. HALLEY. You did obtain—

Mr. AMBRO. I never got any patronage, so I couldn't have made peace with the organization.

Mr. HALLEY. You personally obtained the post of undersheriff; is that right?

Mr. AMBRO. Yes; but that wasn't from the organization.

Mr. HALLEY. How did you obtain that post?

Mr. AMBRO. Well, Mr. Quayle was a candidate on the Democratic ticket and the Recovery ticket. The year 1933 a Joseph V. McKee ran for mayor of the city of New York on a Recovery ticket; and Frank Quayle also ran on the Recovery ticket.

I supported Joseph V. McKee, the Recovery candidate, and also Frank Quayle, the Recovery candidate.

Mr. HALLEY. And as a result, Frank Quayle offered you the post of undersheriff?

Mr. AMBRO. He didn't offer it to me. I went to see him about it.

Mr. HALLEY. And he gave it to you without any opposition on the part of the organization?

Mr. AMBRO. I will have to elaborate a little on that.

Mr. HALLEY. Would you?

Mr. AMBRO. Because there was six Democratic leaders that had broken with the organization, I included, and we supported Joseph V. McKee for mayor and Frank Quayle for sheriff, against the organization candidates. Now, the organization candidate for mayor of the city of New York was a man by the name of John Patrick O'Brien. That's the year—if I can enlighten you—that was the year that Fiorello LaGuardia became mayor of the city of New York.

Mr. HALLEY. We all remember it very well.

Mr. AMBRO. Now, these five leaders that supported Frank Quayle on the Recovery ticket, they all had positions.

Now, if you want me to name—

Mr. HALLEY. No, no; that's not necessary.

Mr. AMBRO. They had positions. I was the only one without a job.

Mr. HALLEY. And you went to Quayle and said you were entitled to a job?

Mr. AMBRO. That's right.

Mr. HALLEY. And you got it?

Mr. AMBRO. And I got it.

Mr. HALLEY. And then in the subsequent years—it's a relief to have a nice loud witness for a change—in the subsequent years, Mr. Ambro—

Mr. AMBRO. Yes, sir.

Mr. HALLEY. Did Mr. Quayle make peace with the organization?

Mr. AMBRO. I would say 6 months after he was the sheriff—was elected sheriff.

Mr. HALLEY. And thereafter, did you quite frequently go with him to a restaurant located at Carroll Street and Fourth Avenue in Brooklyn?

Mr. AMBRO. Yes.

Mr. HALLEY. And that restaurant was owned and operated by Joe Adonis; is that right?

Mr. AMBRO. That's right; yes.

Mr. HALLEY. Was that a gathering place for politicians in Brooklyn?

Mr. AMBRO. Well, the who's who of Brooklyn, the hoipolloi, big names, irrespective—I mean in all fields of endeavor, whether it was political, business, social, theatrically so, and so on.

Now, if you want me, again I say, to elaborate, I will give you names.

Mr. HALLEY. Would you?

Mr. AMBRO. Well, you would get a Jimmy Durante that would be there often. You would get a Spiro, who was editor of the New York Evening Journal, very often. I think his first name was Amster Spiro. And quite a number—well, politicians, an awful lot of them.

Mr. HALLEY. Who were some of the politicians?

Mr. AMBRO. Well, now and then Leibowitz, Sam Leibowitz, Di-Giovanna—he is now a supreme-court justice.

Mr. HALLEY. Well, you went there yourself quite often; did you not?

Mr. AMBRO. Oh, yes; once or twice a week.

Mr. HALLEY. And did Quayle go frequently?

Mr. AMBRO. Well, possibly once or twice, maybe three times. I don't know.

Mr. HALLEY. You mean a week?

Mr. AMBRO. Yes.

Mr. HALLEY. And did Frank Kelly go there often?

Mr. AMBRO. Well, I met him there a number of times.

Mr. HALLEY. And Kenneth Sutherland?

Mr. AMBRO. Yes.

Mr. HALLEY. Irwin Steingut?

Mr. AMBRO. Yes.

Mr. HALLEY. Anthony DiGiovanna?

Mr. AMBRO. Yes.

Mr. HALLEY. Bill O'Dwyer?

Mr. AMBRO. Oh, often; yes.

Mr. HALLEY. Jim Moran?

Mr. AMBRO. I never met Moran.

Mr. HALLEY. You don't know Jim Moran?

Mr. AMBRO. I don't know him.

Mr. HALLEY. James Mangano, the sheriff of Brooklyn now?

Mr. AMBRO. Yes.

Mr. HALLEY. Can you name any other people who were there and who are now prominent in civic and political affairs in Brooklyn, who were regular diners at the restaurant there?

Mr. AMBRO. Charley Lipsky. That was he yesterday.

Mr. HALLEY. He was the——

Mr. AMBRO. And a Mr. Hamburger.

Senator TOBEY. You are thinking of the menu card now; aren't you?

Mr. AMBRO. I am sorry; I didn't get that.

Senator TOBEY. I said, you are thinking of the menu card now, when you said hamburger.

Mr. AMBRO. I am thinking of food. I am a connoisseur of food. I read what happened yesterday.

Mr. HALLEY. Getting back to Lipsky. He was there very often, too?

Mr. AMBRO. I saw him there.

Mr. HALLEY. Two or three times a week?

Mr. AMBRO. I wouldn't say that. I saw him around.

Mr. HALLEY. When you went there, you would usually go with Quayle?

Mr. AMBRO. That's right.

Mr. HALLEY. Now, did Adonis have any political influence in Brooklyn at that time?

Mr. AMBRO. Not that I know of; no.

Mr. HALLEY. Did he have any power to sway or control or influence the results of primary elections?

Mr. AMBRO. No.

Mr. HALLEY. Did you yourself have a primary election in 1935?

Mr. AMBRO. No; I didn't have a primary fight, but I will tell you—you possibly want me to enlighten you on the situation.

A Samuel Liebowitz ran for district attorney of Kings County, and I was his campaign manager.

Mr. HALLEY. Yes.

Mr. AMBRO. As against the organization candidate, Francis Geoghan, the then district attorney of Kings County.

Mr. HALLEY. Then what happened?

Mr. AMBRO. Well, we were defeated. I supported——

Mr. HALLEY. Liebowitz was defeated; is that right?

Mr. AMBRO. That's right.

Mr. HALLEY. Now, at that time were you asked to step out as under sheriff?

Mr. AMBRO. I was asked to support the organization candidate or resign.

Mr. HALLEY. Who asked you to do it?

Mr. AMBRO. Frank Quayle.

Mr. HALLEY. And you resigned; is that right?

Mr. AMBRO. I said, "We can't both be under the same roof. You are a Democrat and I am an insurgent."

Mr. HALLEY. Shortly after that, were you deposed as leader?

Mr. AMBRO. No; I was leader 3 years after that.

Mr. HALLEY. Then what happened?

Mr. AMBRO. Then I was defeated.

Mr. HALLEY. And to what do you attribute your defeat?

Mr. AMBRO. Well, I just can't—that is one thing I can't very well——

Mr. HALLEY. Well, you are being a little shy here, Mr. Ambro.

Mr. AMBRO. I am not shy at all, but you say can I attribute my defeat to—well, I would say the elements, possibly the organization sending in a lot of workers against me.

Mr. HALLEY. The organization send in any money?

Mr. AMBRO. Well, I don't know. I can't say that.

Mr. HALLEY. Did you feel that it was the organization that was fighting you?

Mr. AMBRO. Sir?

Mr. HALLEY. It was the organization that was fighting you?

Mr. AMBRO. Oh, yes.

Mr. HALLEY. And who was the organization at that time?

Mr. AMBRO. The organization was Frank Kelly and the other 22 leaders of the county, Democratic leaders, State committeemen of the county.

Mr. HALLEY. Where did they get whatever floaters and workers were imported into your district to beat you?

Mr. AMBRO. I don't know.

Mr. HALLEY. Where did they get, if they got any, money that was imported into your district to beat you?

Mr. AMBRO. I don't know. That I can't tell you.

Mr. HALLEY. Let me try to refresh your recollection.

Mr. AMBRO. Yes; certainly.

Mr. HALLEY. Do you recall testifying before this committee Wednesday, February 14, 1951?

Mr. AMBRO. Yes; I do.

Mr. HALLEY. Let me read a statement you made and ask you whether you want to stand behind that statement now. You said:

The facts remain that all this money came in and all the wise guys in there, the tough guys and the floaters and all were in the district. I just sensed that and I know I saw it and I knew I was put out of business. But can I go ahead

and say so? So they did it; but they don't work that way. You know how they work. They do not come before you, they work in the dark. They hit you in the back of the head. They work in the dark. That's the way they work.

Then a question was asked you:

Are you trying to say the man who supplied the thugs, the floaters and the cash money in the organization was Adonis?

And you answered:

I did not say that.

The next question:

Is that what you, as an expert, believe, Mr. Ambro?

Mr. AMBRO. I believe as an expert; yes. I believe they did it that way; yes, sure.

Do you stand by that testimony?

Mr. AMBRO. Oh, yes, sure; I certainly do.

Mr. HALLEY. I think you testified, did you not, that about \$30,000, in your opinion, was brought into your district?

Mr. AMBRO. To defeat me. I would say that; yes.

Mr. HALLEY. And a large number of thugs and floaters from outside the district?

Mr. AMBRO. Yes; that's right.

Mr. HALLEY. And you said that you thought Adonis, though you couldn't put your finger on it——

Mr. AMBRO. I never said Adonis. I didn't say Adonis. No; I just want you to repeat that. I never said Adonis.

Mr. HALLEY. I said, "Is that what you, as an expert, believe, Mr. Ambro?" And you said, "I believe as an expert; yes. I believe they did it that way."

Mr. AMBRO. They did it that way, but there is no reference to Adonis there.

Senator TOBEY. Previously there is.

Mr. HALLEY. Well, let me see. We will go on with some more questions.

Mr. AMBRO. Yes.

Mr. HALLEY (reading):

Q. What is Adonis' influence in Brooklyn politics?

Mr. AMBRO. He must have had a lot of influence there.

Mr. HALLEY. Why do you say that?

Mr. AMBRO. Adonis, well, I cannot put my finger on it directly or indirectly, but they knocked me out for no reason at all; they put me out of business.

Mr. HALLEY. What did Adonis have to do with it?

Mr. AMBRO. Well, you know, to set forth an example, everybody knows it, they send money; they did this and that to knock me out.

Mr. HALLEY. "They sent money." That's ambiguous.

You don't believe it was Adonis?

Mr. AMBRO. No, the organization did.

Mr. HALLEY. Well, was Quayle in the organization at that time?

Mr. AMBRO. Quayle was the sheriff. He was one of the organization leaders of the county of the first assembly district; yes, sir.

Mr. HALLEY. What was Adonis' relationship with Quayle?

Mr. AMBRO. Well, I don't know their relationship. I know they were—Adonis had the restaurant and we would frequent the restaurant, that's all.

Mr. HALLEY. Well, do you remember answering that question in these words, when the question was asked:

What was Adonis' relationship with Quayle?

Answer. Very friendly.

Mr. AMBRO. Very friendly, yes, that's right.

Mr. HALLEY. You agree with that?

Mr. AMBRO. Yes, I do; very friendly.

Mr. HALLEY. Do you remember being asked this question:

What happens when they decide to put a man out of leadership and defeat him in an election? What is the technique?

And your answer:

They get a line-up of fellows, men and women too, and they have them illegally vote, you know, they call them floaters. They go in and possibly have a signal of some kind. They control, you see, the polls. They have the inspectors, the Democratic inspectors and the Republican inspectors, and they are told as a prospective voter comes in, they are told to compare the signature when they sign the registration in the book. When these floaters go in and they sign and vote, they vote somebody else's name.

Is that your present testimony, too?

Mr. AMBRO. Yes, that is true.

Mr. HALLEY. You believe that?

Mr. AMBRO. They, by "they," the opposition. The opposition that is opposed to you in a primary fight.

Mr. HALLEY. Where did the opposition get the money and the floaters?

Mr. AMBRO. I don't know. I don't know.

Mr. HALLEY. Did you either hear or read Mr. Lipsky's testimony yesterday?

Mr. AMBRO. No; I did not.

Mr. HALLEY. If he testified that Joe Adonis would give money to leaders in primary fights, would you agree or disagree with that testimony?

Mr. AMBRO. I disagree.

Mr. HALLEY. You disagree?

Mr. AMBRO. Yes.

Mr. HALLEY. How do you account for having made the answer I just read to the question:

How did you get down to Adonis?

Answer. Hearsay, or whatever you want to call it. But the facts remain that all his money came in, and all the wise guys in there, the tough guys, and the floaters and all were in the district.

How do you account for your having, under oath, on February 14, made that statement?

Mr. AMBRO. I testified under oath that in a primary contest for State committeemen, or the leadership of a district, the opposition would be very strong, as opposed to the insurgent. The organization would use most everything, and most all people—there are a lot of jobs, patronage, and various other things—and they would use most everybody to oppose an insurgent candidate. That is, the organization would.

Mr. HALLEY. Do they use Joe Adonis?

Mr. AMBRO. In my contest for the leadership in 1938, I hadn't seen Adonis—the last time I saw Adonis was in '35. So how could I testify to that?

Mr. HALLEY. In other words, you frequented Adonis' restaurant until you broke with the organization?

Mr. AMBRO. Until I broke with Frank Quayle; yes, sir.

Mr. HALLEY. And then you kept out of Adonis' restaurant?

Mr. AMBRO. That's right. That was the latter part of '35.

Mr. HALLEY. Despite the fact that it was just a hangout for theatrical people and businessmen?

Mr. AMBRO. That's right.

Mr. HALLEY. When you did not go with the organization, you did not go to Adonis' restaurant, did you?

Mr. AMBRO. Didn't go any more; no.

Mr. HALLEY. Have you ever been arrested?

Mr. AMBRO. No, sir.

Mr. HALLEY. At any time?

Mr. AMBRO. No, sir.

Mr. HALLEY. Do you know Charley "Lucky" Luciano?

Mr. AMBRO. No, sir.

Mr. HALLEY. Did you ever go to Cuba?

Mr. AMBRO. Yes.

Mr. HALLEY. When were you in Cuba?

Mr. AMBRO. Oh, I think it was in 1945—'45 or '46.

Mr. HALLEY. '45 or '46?

Mr. AMBRO. Yes.

Mr. HALLEY. Could it have been in 1947?

Mr. AMBRO. It could have been.

Mr. HALLEY. What was your business in Cuba at that time?

Mr. AMBRO. I had been told by the doctor to go away. I had a very acute attack of bursitis. I was sick. I had gone to New Orleans, and then from New Orleans took a plane on to Cuba.

Mr. HALLEY. Were you alone or with anybody when you went there?

Mr. AMBRO. Alone.

Mr. HALLEY. Did you make inquiries while you were there for Charlie "Lucky" Luciano?

Mr. AMBRO. No, sir.

Mr. HALLEY. Did you go to the American Express office while you were there?

Mr. AMBRO. I don't know. I don't recall. I know I met an old friend of mine that went to law school with me. I met him in Cuba, in Havana. And that's about all.

Mr. HALLEY. Who was that?

Mr. AMBRO. I just don't remember his name. He went to law school with me.

Mr. HALLEY. A Brooklyn man?

Mr. AMBRO. Beron, B-e-r-o-n; or something like that. Yes, sir.

Mr. HALLEY. B-e-r-o-n?

Mr. AMBRO. Something like that; yes, sir. Beron.

Mr. HALLEY. But did you go to the American Express office in Cuba and ask whether they could help you locate Charlie "Lucky" Luciano while you were there.

Mr. AMBRO. No, sir. I never met the man. I never knew the man. No.

Mr. HALLEY. Aside from him, did you go to the American Express office and ask if they knew his whereabouts?

Mr. AMBRO. No. I don't recall.

Mr. HALLEY. During the year 1947?

Mr. AMBRO. No; I don't recall.

Mr. HALLEY. Or any other year?

Mr. AMBRO. No, sir.

Mr. HALLEY. I have no further questions, Mr. Chairman.

Senator O'CONOR. Senator Kefauver?

The CHAIRMAN. No questions.

Senator O'CONOR. Senator Tobey?

Senator TOBEY. No questions.

Senator O'CONOR. No questions. Thank you.

You are Frank Costello?

Mr. COSTELLO. Yes, sir.

**TESTIMONY OF FRANK COSTELLO, NEW YORK, N. Y., ACCOMPANIED
BY GEORGE WOLF, ATTORNEY, NEW YORK, N. Y.**

Senator O'CONOR. Do you solemnly swear the testimony you will give this committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. COSTELLO. Yes, sir.

Senator O'CONOR. Just for identification purposes, will you give your full name?

Mr. WOLF. May I understand whether or not this proceeding—

Senator O'CONOR. Will you identify yourself.

Mr. WOLF. Senator, my name is George Wolf.

Senator O'CONOR. You are a member of the bar?

Mr. WOLF. I am a member of the bar, and I am appearing as attorney for Mr. Costello. I would like to know whether you intend to televise this proceeding.

Senator O'CONOR. The proceedings have been televised. May I ask whether you have any objection?

Mr. WOLF. Strenuously object.

Senator O'CONOR. Upon what basis do you register objection?

Mr. WOLF. On the ground that Mr. Costello doesn't care to submit himself as a spectacle. And on the further ground that it will prevent proper conference with his attorney in receiving proper advice from his attorney during the course of the testimony.

Senator O'CONOR. I gather, then, Mr. Wolf, that you feel that this proceeding, or proceedings, under those circumstances would adversely affect the interests of your client?

Mr. WOLF. Absolutely.

Senator O'CONOR. Would it in any way have effect upon his giving a complete and full statement to the committee, and of answering questions freely?

Mr. WOLF. I think it would interfere with Mr. Costello testifying properly.

Senator O'CONOR. I see. Well, under the circumstances, then, it is the view of the committee, counsel, that the defendant not be televised, or the individual who is here, the witness, not be televised at the time.

Mr. WOLF. And I presume that applies to radio broadcast, for this reason, Senator:

For the reason I assume that if it is broadcast by radio, every whisper between the witness and myself will be heard; so that there will be no privacy at all between counsel and client. I will not be able to advise him as to his rights; he will not be able to ask me as to his rights.

I think the witness will be absolutely helpless under those circumstances, Senator.

Senator O'CONOR. Counsel, the committee cannot agree with you in that statement. It is our duty and obligation, of course, to afford the witness every proper safeguard, so that he be permitted to have the benefit of counsel to the fullest extent, and such a conference can be held without it being audible to anyone else; and we shall certainly see to that.

Mr. WOLF. With that provision, I concede, then.

Will you permit me, then, on occasions, if necessary, to have the privacy of conference with my client, if he so desires?

Senator O'CONOR. We will not only permit it, but encourage it; because he is fully expected to have every possible benefit of counsel, and that should be his, not as a matter of gratuity from this committee, but as a matter of right.

Mr. WOLF. Then we have no objection to it being broadcast by radio. In fact, the witness himself would prefer it.

Senator O'CONOR. Very good.

I, incidentally, improperly referred to him just before as a defendant. I didn't mean that at all, but just as a witness.

Mr. WOLF. That is not unusual, Senator. He has been referred to as a defendant, even though he is only a witness.

Senator O'CONOR. That does not, of course, apply to the presiding officer.

Mr. WOLF. That is a very common thing, Senator.

Senator O'CONOR. You have already given your full name. Just for purposes of identification, will you give your address.

Mr. COSTELLO. 115 Central Park West.

Senator O'CONOR. It is understood by the television persons that the witness is not to be televised during the course of the proceedings.

Mr. WOLF. Senator——

Mr. HALLEY. May we have the witness' name first—Frank Costello?

Mr. COSTELLO. Frank Costello, 115 Central Park West.

Mr. HALLEY. Have you ever used any other names——

Mr. WOLF. Before he answers any further questions, may the witness make a statement through me?

Senator O'CONOR. Yes.

Mr. WOLF (reading):

On January 2, 1951, chief counsel for this committee telephoned Mr. George Wolf, my attorney, and stated that the committee desired to examine me as a witness. On January 3, at a conference with chief counsel, Mr. Wolf stated that I was anxious to testify in order to deny under oath and forever silence the false stories and rumors that I was connected with any crime syndicate and that I was guilty of grave criminal offenses but that, judging from press reports of statements made by certain members of this committee, I could not expect fair treatment or consideration.

However, my attorney was assured by chief counsel that the committee had not concluded its investigation about me, would treat me fairly as a witness, and would withhold judgment until after I had testified.

Thereupon I agreed to accept service of subpoena and, pursuant to arrangements, accepted service at my attorney's office on the following morning, Janu-

ary 4. This subpoena was made returnable forthwith, but I agreed to appear at any future time upon notice to my attorney. Later my attorney was requested to have me appear on February 13, 10 a. m., in this room; and I did so. Before testifying I made the following statement:

"I am here as a witness pursuant to forthwith subpoena dated January 3, 1951, served upon me on January 4, 1951.

"For years I have repeatedly been falsely charged with the most serious and vicious crimes and with being the leader of a national crime syndicate. Whenever possible I have sought to deny these charges and on many occasions have offered to testify before impartial investigating agencies. As recently as April 26 last I voluntarily appeared as a witness before the Senate Subcommittee on Interstate and Foreign Commerce, investigating interstate gambling. To the best of my ability I then testified fully and frankly, claiming and being granted by the committee privilege against self-incrimination on only one subject; namely, whether gambling was conducted in the Beverly Country Club of New Orleans.

"In spite of my denials under oath, these accusations continue to be made. According to reports of the Congressional Record and the press throughout the country, some of the very members of this Senate committee have charged me with the commission of grave criminal offenses and with being a leader of organized vice and crime in this country and have also announced their intention to have me prosecuted for perjury if no other crimes can be proved against me.

"I respectfully submit that I am a witness, not a defendant. I respectfully request that I be treated as impartially as any ordinary witness, that no attempt be made to single me out and make a field day of my examination, that my rights and privileges be respected, and that my interrogation be fairly conducted and kept within the bounds of the subject matter of your investigation."

That is the end of the quote of the statement that Mr. Costello made on February 13.

At the conclusion of the statement the chairman made the following remarks:

"Thank you, Mr. Wolf. That is a very good statement, and I don't know as to some of the things you referred to, but it is the policy of this committee to try to treat every witness as fairly as we know how."

Within a few moments after I started to testify, the committee again sought to reassure me that my examination was to enable me to establish the falsity of the malicious reports about me. The chief counsel said, and I am quoting from the record:

"I might say, Mr. Costello, that the committee is well aware of your contention that you have been misrepresented. Mr. Wolf has made that very clear to me.

"The purpose of a detailed examination privately is to give you every opportunity to establish your contentions."

For 2 hours on February 13 and for 6 hours on February 15 I testified. I did my level best to furnish the committee with every bit of information they asked for and to answer every single question directly and honestly.

When my examination was ended, I had every right to believe that I had completely disposed of the fantastically untrue stories built up around me and that I would now be recognized for what I actually am and have been, without defending gambling and bootlegging activities of which I am not particularly proud but for which I prefer not to be eternally punished.

I felt that I was fortunate for having accepted the assurances of the committee at face value. In fact, the concluding remarks of the chairman did much to strengthen my belief that my testimony had done much to destroy the mythical tales about me. I quote the following from the record:

"Mr. HALLEY. Do you think you have got your rights as you demanded them in your statement, Mr. Wolf?

"Mr. WOLF. * * * although the examination was quite vigorous and thorough, I think he was treated quite fairly. I also think that Mr. Costello as a witness was very frank and cooperative to the fullest extent. I think you will agree with me on that, Mr. Halley."

And I am pointing out, gentlemen, this is what took place at the close of the examination of 8 hours.

"Mr. HALLEY. He certainly cooperated.

"The CHAIRMAN. He answered most questions forthrightly. He was a little vague about things back in the prohibition days, and there were some of these matters that he seemed to have forgotten as to what he told Mr. Hogan, but that has been quite a number of years ago."

On March 1 the newspapers reported the submission of an interim report by this committee describing the criminal activities of an alleged major crime syndicate composed of two parts and naming me as one of the two heads of one part. While I then realized that the committee's pretenses of fairness were empty words, I was not prepared for the shocking discovery that the report was completed before I had even begun to testify and that nothing I could have said or done would have altered it one iota. I was informed that chief counsel not only admitted that the report had been prepared before I started to testify but that it was, to use the chief counsel's own language, "based upon inference upon inference" and without a single shred of direct evidence against me, after over a year of an extensive investigation, aided by virtually every local and Federal investigating agency in the United States.

Over my repeated denials and my testimony under oath, which you said was "forthright," without any direct evidence, and without permitting me to defend myself, you have branded be as an archcriminal. You have prejudged me without a bit of respectable proof to support your judgment.

Under our system of law a man is presumed to be innocent until his guilt is proved beyond a reasonable doubt. I do not ask to be measured by the same rules as should be applied to all of us. I am willing to assume the burden of proving my innocence to you and to the world.

Give me, I ask you, this last opportunity of proving that your charges against me are unjustified and that they should be retracted. Confront me with evidence if you have it; if your charges are based on inferences, let me know what those inferences are. Then give me the right to publicly reply to your evidence or construe your surmises.

I am not only asking that you respect fundamental rights and principles, I am begging you to treat me as a human being.

The CHAIRMAN. Mr. Chairman, I think there is one matter that should be straightened out before we start. Senator O'Connor is acting as chairman today.

That matter is the statement that the report was written before Mr. Costello testified. That is absolutely untrue. The report was not completed, it was not written, until 1 week before it was published; and Mr. Costello testified many, many weeks before that time.

I think also, Mr. Wolf, that you mistake forthrightness with proof of innocence or no wrongdoing.

It is quite correct, and we always try to state whether the witness is forthright or not, and at the conclusion of the hearing I stated for the record and to the press that most of the questions Mr. Costello had answered forthrightly, that he only refused to answer, or avoided answering, one question, and that was in connection with the Beverly Country Club; that as to matters in the prohibition era, and also as to what he had told Mr. Hogan, that his memory was dim, and that he did not answer those questions very fully, or his memory wasn't full about them.

However, it should not be construed that, because we said he answered forthrightly, he exonerated himself of any connection with crime or contacts with other people who may have been engaged in it.

That was what my statement was, and I stand by that statement today.

But your statement, sir, that the report was written before you testified is absolutely incorrect. It was to a considerable extent on his testimony in executive session that certain things were brought out in the report.

Mr. WOLF. May I say, Senator, in connection with my statement, that the report was prepared before he testified, that that statement was made to me by chief counsel. I told chief counsel a day or two ago that I intended to prepare a statement and I intended to incor-

porate that in a statement. I wanted to know if there would be any question about that, and he said "No."

My information as to the fact that that interim report was prepared before Mr. Costello testified came from chief counsel.

The CHAIRMAN. I think you must have misunderstood him, Mr. Wolf, because we only worked over the report and finally got it in shape, I think, just 3 days before it was released.

Mr. HALLEY. I think I can clarify that, if I may.

Senator O'CONOR. All right, Mr. Halley.

Mr. HALLEY. The report was drafted before Mr. Costello testified and I so told you. I also think I told you that there was nothing in Mr. Costello's testimony that made the committee change its opinion, and it did use the report very considerably after his testimony.

Mr. WOLF. May I ask Mr. Halley a question?

Senator O'CONOR. Yes.

Mr. WOLF. Didn't you, a day or two ago, Mr. Halley, in answer to a question as to whether or not I could make a statement in a statement that that report was prepared before he testified, say "Yes"?

Mr. HALLEY. I don't recall that.

Mr. WOLF. I don't want to get into a controversy——

Mr. HALLEY. I think we are getting into a clear controversy——

Mr. WOLF. Well, didn't I tell you that I intended to prepare a statement and that I didn't want any question about the facts in the statement?

Mr. HALLEY. No; you said you would prepare a statement but I didn't clear your statement.

Senator O'CONOR. Mr. Wolf, do you feel that you have had an opportunity to make your position clear?

Mr. WOLF. I have had an opportunity to make my interim statement, or Mr. Costello's interim statement.

Senator O'CONOR. All right.

The CHAIRMAN. Mr. Chairman, it may be of some interest to Mr. Wolf to know that, after the first draft of the report was received by the members of the committee, after having gone over it with counsel about 10 days or 2 weeks before the interim report was filed, a great deal of it was deleted, a great deal of it was changed. I think every member of the committee had very substantial changes to be made, which were made.

I know that I myself made suggestions of changes on many, many pages; and there are many, many deletions; and so, in no sense of the word, could the report have been prepared 3 days before it was filed.

Mr. WOLF. I want to say, Senator, that I have the highest respect for Mr. Halley's integrity and I take his word on any subject matter. I am telling you what my clear understanding of our conversations was.

Senator O'CONOR. Very well. Now, counsel.

Mr. HALLEY. Now may we get some testimony under oath, Mr. Chairman?

Mr. Costello, the question was: Have you been known under any other names other than Frank Costello?

Mr. COSTELLO. Well, when I was a boy I believe my mother's maiden name was Severio; not that I used it, but they called me that.

Mr. HALLEY. Have you used any other names?

Mr. COSTELLO. Not to my recollection.

Mr. HALLEY. Have you ever used the name Castiglia?

Mr. COSTELLO. Well, have I ever used it?

Mr. HALLEY. Yes.

Mr. COSTELLO. Not since I have been in America.

Mr. HALLEY. Did you use it before you came to America?

Mr. COSTELLO. Well, I couldn't have used it. I was only 2 years old.

Mr. HALLEY. So you never used the name Castiglia?

Mr. COSTELLO. Not that I remember.

Mr. HALLEY. But you did use the name Severio?

Mr. COSTELLO. Well, I might have used it, yes; I might have, when I was a boy.

Mr. HALLEY. Well, you used it after you were a boy, did you not?

Mr. COSTELLO. Yes.

Mr. HALLEY. Why do you say when you were a boy?

Mr. COSTELLO. Well, it is so far back that I just don't remember using it, but I take it for granted that I might have.

Mr. HALLEY. Well, you know very well you used it, Mr. Costello. Let's have some of the frankness we were talking about.

Mr. COSTELLO. Well, what's frankness about it? I am telling you that I might have used it.

Mr. WOLF. The frankness that you talked about, not that we talked about, Mr. Halley.

Mr. HALLEY. I never used that word.

Mr. WOLF. You used it on a number of occasions.

Mr. HALLEY. He cooperated.

Mr. WOLF. Yes.

Mr. HALLEY. Now, what do you mean when you say you might have used the name Severio? Don't you know very well you used the name Severio?

Mr. COSTELLO. I might have used it; yes.

Mr. HALLEY. I will not accept that answer. Did you or did you not use it?

Mr. COSTELLO. Well, I might have.

Mr. HALLEY. Well, you know you used it, do you not?

Mr. COSTELLO. Well, I don't know. I won't say I didn't.

Mr. HALLEY. Well, you are not using the English language when you say you might have. That means nothing.

Mr. WOLF. He generally uses the English language.

Mr. COSTELLO. I'm sorry, I'm not a college man like you, Mr. Halley.

Mr. HALLEY. Thank you very much. But can you tell us whether or not you know whether you ever used the name Frank Severio?

Mr. COSTELLO. I am willing to admit that I might have used it.

Mr. HALLEY. You are not willing to admit that you know very well that you did use it?

Mr. COSTELLO. Why should I? Isn't that answer good enough?

Mr. HALLEY. You were convicted of a crime under that name, were you not?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. You were convicted of a crime under that name, were you not?

Mr. COSTELLO. Thirty-five, thirty-six years ago; yes.

Mr. HALLEY. You remember that?

Mr. COSTELLO. Well, going back 36 years; yes.

Mr. HALLEY. And that is the name you used?

Mr. COSTELLO. Well, I probably did.

Mr. HALLEY. Well, you know you did. That question has come up in questioning of you again and again before at least three or four different tribunals; is that not right?

Mr. COSTELLO. Repeat that question.

Mr. HALLEY. You have been asked about your conviction on many occasions, have you not?

Mr. COSTELLO. Well, I have; yes.

Mr. HALLEY. And on each occasion you were asked whether you were convicted under the name of Frank Severio, were you not?

Mr. COSTELLO. The question might have been asked, put it that way.

Mr. HALLEY. It was asked, wasn't it?

Mr. COSTELLO. Well, I don't know. I'm not going to remember years back.

Mr. HALLEY. Well, it was asked here on February 14, was it not?

Mr. COSTELLO. On February 14?

Mr. HALLEY. Yes. Weren't you asked whether you were ever convicted of a crime?

Mr. COSTELLO. On February 14? What February 14 do you have reference to?

Mr. HALLEY. Of this year, when you appeared before this committee?

Mr. WOLF. Will you refer to the page?

Mr. COSTELLO. You refer to the page——

Mr. WOLF. Mr. Chairman, may I have counsel refer to the specific question that he is referring to?

Senator O'CONOR. I think that is a perfectly proper request.

Mr. WOLF. Will you do that?

Mr. HALLEY. No; I will not.

Mr. WOLF. The chairman has directed you to do so.

Senator O'CONOR. I do feel that if the witness is asked whether or not, in a certain proceeding, he was asked a certain question, that his attention ought to be directed, particularly as counsel has a copy of it, so that counsel may refer to that page and read anything else that has been said at that time.

Mr. COSTELLO. Thank you.

Mr. HALLEY. Well, we will have to find it. While we are looking for that question, may we go ahead, Mr. Chairman?

Senator O'CONOR. Yes, proceed.

Mr. HALLEY. Do you remember ever having used the name Frank Castiglia?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. Is it possible that you did?

Mr. COSTELLO. It is possible.

Mr. HALLEY. And that was your mother's maiden, did you say?

Mr. COSTELLO. No. My mother's maiden name was Severio.

Mr. HALLEY. Severio?

Mr. COSTELLO. That's right.

Mr. HALLEY. Where would you have gotten the name Frank Castiglia?

Mr. COSTELLO. That is my name.

Mr. HALLEY. That is your right name?

Mr. COSTELLO. That's right.

Mr. HALLEY. And Costello is an Americanized version?

Mr. COSTELLO. That's right.

Mr. HALLEY. Did you ever use the name Hoffman, Murray F. Hoffman?

Mr. COSTELLO. No.

Mr. HALLEY. At no time?

Mr. COSTELLO. Not that I remember; no.

Mr. HALLEY. Did you ever use the name Francisco Severio?

Mr. COSTELLO. Not that I remember. Francisco I might use, Frank Severio. I just don't remember.

Mr. HALLEY. Have you ever been called Francisco?

Mr. COSTELLO. Well, I wouldn't remember. I wouldn't know if I was or not.

Mr. HALLEY. Did you ever use the name Stello?

Mr. COSTELLO. No.

Mr. HALLEY. Or Venti?

Mr. COSTELLO. No.

Mr. HALLEY. Now, getting back to Severio, and we will continue to check for the page reference, do you recall whether or not you were ever convicted in the State of New York in the year 1915 of possession of a revolver?

Mr. COSTELLO. I was convicted for a misdemeanor.

Mr. HALLEY. Were you convicted for possession of a revolver?

Mr. COSTELLO. That's right; yes, sir.

Mr. HALLEY. March 12, 1915?

Mr. COSTELLO. Yes.

Mr. HALLEY. Is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And on that occasion did you use the name Frank Severio?

Mr. COSTELLO. I imagine I did then; yes.

Mr. HALLEY. You have checked the records, have you not?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. You have checked the records?

Mr. COSTELLO. No; I haven't checked the records.

Mr. HALLEY. Did you ever check the records on that?

Mr. COSTELLO. We haven't; no. That is, I haven't.

Mr. HALLEY. If the official records show that you were convicted——

Mr. COSTELLO. And used that name; then I will concede that.

Mr. HALLEY. You would concede that, then?

Mr. COSTELLO. That's right; yes, sir.

Mr. HALLEY. Do you remember ever having applied for naturalization?

Mr. COSTELLO. Yes.

Mr. HALLEY. In the United States?

Mr. COSTELLO. Yes.

Mr. HALLEY. To become a citizen of the United States?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you remember having been asked, in the course of your naturalization proceeding, whether you ever used any alias, or any other name?

Mr. COSTELLO. I wouldn't remember that.

Mr. HALLEY. You do not remember that?

Mr. COSTELLO. No.

Mr. HALLEY. Do you remember, in the course of your naturalization proceeding, having filled out an application to become a citizen?

Mr. COSTELLO. Yes.

Mr. HALLEY. You do remember that?

Mr. COSTELLO. Yes.

Mr. HALLEY. A four-page document, although I believe there are only two pages calling for answers by the applicant. Do you remember that?

Mr. WOLF. He said he did.

Mr. COSTELLO. I said I don't remember how many pages, but I remember applying.

Mr. HALLEY. Do you remember whether or not there was a question in that document, "My full, true, and correct name is Mr.," and you answered it "Frank Costello"? And, of course, that was right?

Now, then, you were asked the next question, which is: "I have," and there is a blank to insert either "have" or "have not."

Mr. WOLF. May I ask you to read the question?

Mr. HALLEY. I am reading it.

"I have," and then there is a blank in which the applicant would insert either the word "not" or leave it. So that the question then reads: "Used another name." And there you inserted "Francisco Castiglia." And you say that is your true name?

Mr. COSTELLO. Yes.

Mr. HALLEY. And, in fact, that was the name that was on your steamship ticket; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. At that time, did you remember having been convicted of a crime under the name of Frank Severio?

Mr. COSTELLO. Did I know?

Mr. HALLEY. Yes.

Mr. COSTELLO. Yes.

Mr. HALLEY. Where the form of the application for naturalization to this country asked whether you used another name, and when you inserted "Francisco Castiglia," did you insert "Frank Severio"?

Mr. COSTELLO. Well, Counselor, I believe—have you got the application in front of you?

Mr. HALLEY. I do.

Mr. COSTELLO. Did I fill that application out? Is my signature there?

Mr. HALLEY. Well, you are entitled to look at it.

Senator O'CONOR. If counsel desires to see it, you are at perfect liberty to examine it.

Mr. WOLF. The witness wants to see it.

(Document handed to witness.)

Senator O'CONOR. You are at liberty to make full use of it.

Mr. WOLF. Thank you.

(Mr. Costello and Mr. Wolf confer.)

Mr. WOLF. Mr. Halley, maybe you can help me out here. Does this just consist of one sheet?

Mr. HALLEY. Yes; the second sheet is for official notation.

Mr. WOLF. And is it supposed to contain the signature?

Mr. HALLEY. No; he gave the information to the clerk in the regular way.

Mr. WOLF. Without signing it?

Mr. HALLEY. Apparently without signing it. It has the official notation.

(Document returned to Mr. Halley.)

Senator O'CONOR. It will be noted on examination that it does not show the signature of the witness.

Mr. HALLEY. That's right.

Mr. WOLF. For the purpose of identifying it in the witness's mind.

Mr. HALLEY. Now, do you remember whether or not, in the course of your naturalization proceedings, you ever stated whether or not you used the name Frank Severio?

Mr. WOLF. I concede. I have looked at it, and that doesn't appear there, Mr. Halley.

Mr. HALLEY. May we have Mr. Costello's concession.

Mr. COSTELLO. Not to my knowledge. I don't remember doing that.

Mr. HALLEY. Do you remember giving this information to a clerk at the Naturalization Bureau?

Mr. COSTELLO. Repeat that.

Mr. HALLEY. Do you remember giving the information about yourself for the purpose of obtaining your naturalization, to a clerk at the United States Naturalization Bureau?

Mr. COSTELLO. Well, I remember; yes.

Mr. HALLEY. Perhaps, to make sure of the accuracy, we should go through the answers.

You said your full name was Frank Costello; is that right?

Mr. COSTELLO. Right.

Mr. HALLEY. And that you used the name of Francisco Castiglia; is that right?

Mr. COSTELLO. No. My full name was Castiglia, and I was using Costello.

Mr. HALLEY. You put it the other way, but that would be just a technicality.

In fact, under American law, any name you assume is your name.

Then you were asked the name on your steamship ticket, and you said, "Francisco Castiglia"; is that right?

Mr. COSTELLO. Well, if it is there, it must be.

Mr. HALLEY. And you were asked your mother's maiden name. The answer is "Marie Severio Aloisa."

Mr. COSTELLO. That's right.

Mr. HALLEY. And your residence, it first appears, the Graystone Hotel. Did you live there?

Mr. COSTELLO. Graystone, yes.

Mr. HALLEY. And then it was crossed out to 2450 Broadway, New York; is that right?

Mr. COSTELLO. What was that?

Mr. HALLEY. No. 2450 Broadway, New York.

Mr. COSTELLO. You mean, the Graystone?

Mr. HALLEY. That is what appears on your naturalization application. Did you ever live at that number?

Mr. COSTELLO. The Graystone Hotel. I just don't know the number.

Mr. HALLEY. You think that is probably the number of the Graystone Hotel?

Mr. COSTELLO. Yes. That is Ninetieth Street, somewhere.

Mr. HALLEY. Then the next question was: "My present occupation is," and the answer here appears to be "Real estate."

Mr. COSTELLO. Yes.

Mr. HALLEY. Is that right, Mr. Costello?

Mr. COSTELLO. Yes.

Mr. HALLEY. You were in the liquor business at that time, were you not?

Mr. COSTELLO. I don't believe so.

Mr. HALLEY. You don't believe so.

Mr. COSTELLO. No.

Mr. HALLEY. Are you sure you weren't in the liquor business at that time?

Mr. COSTELLO. I am almost positive I wasn't.

Mr. HALLEY. Do you remember a man by the name of Harry Sausser?

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. How long have you known Harry Sausser?

Mr. COSTELLO. Oh, I have known him for years, prior to that application.

Mr. HALLEY. What was Sausser's business?

Mr. COSTELLO. He was a railroad man.

Mr. HALLEY. A railroad man?

Mr. COSTELLO. Yes.

Mr. HALLEY. Did he have any other business?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Was he in the liquor business?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Was he in the rum-running business?

Mr. COSTELLO. Well, rum-running is liquor, isn't it, Mr. Halley?

Mr. HALLEY. Yes.

Mr. COSTELLO. I answered that question.

Mr. HALLEY. You don't believe he was?

Mr. COSTELLO. I don't believe he was.

Mr. HALLEY. You have no recollection of his having been in the rum-running business?

Mr. COSTELLO. I have no recollection.

Mr. HALLEY. The application says he was in the real-estate business.

Mr. COSTELLO. That he was or I was?

Mr. HALLEY. He was.

Mr. COSTELLO. Well, he might have been in the real-estate business.

Mr. HALLEY. What business is your present recollection?

Mr. COSTELLO. Well, at the time I thought he was in the railroad business.

Mr. HALLEY. I am sorry.

Mr. COSTELLO. Railroad.

Mr. HALLEY. Railroad business.

Mr. COSTELLO. That's right.

Mr. HALLEY. Can you imagine why he might have said that he was in the real-estate business?

Mr. COSTELLO. He might have had real estate also.

Mr. HALLEY. How long had you known Mr. Sausser at that time?

Mr. COSTELLO. Oh, about 7, 10 years.

Mr. HALLEY. Where had you first met him?

Mr. COSTELLO. Well, I couldn't exactly tell you the spot where I met him. I met him in New York somewhere.

Mr. HALLEY. Was he a good close friend of yours?

Mr. COSTELLO. Yes.

Mr. HALLEY. You were pretty familiar with his activities?

Mr. COSTELLO. No, I wasn't; not with his activities. But he was a friend of mine.

Mr. HALLEY. You asked him to go on your naturalization; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Did you have anybody else on your naturalization?

Mr. COSTELLO. Frank Goss.

Mr. HALLEY. Frank Goss?

Mr. COSTELLO. I believe G-o-s-s.

Mr. HALLEY. And what business was he in?

Mr. COSTELLO. At the time I believe he was working for the Tribune or the Mirror.

Mr. HALLEY. Was he in the rum-running business?

Mr. COSTELLO. No; not to my knowledge.

Mr. HALLEY. It says here that he was in the real-estate business on your naturalization application. It is a long time ago. We are not going to be unfair.

Mr. COSTELLO. It was a long time ago. I remember he worked for the Mirror or the Tribune, in the advertising department.

Mr. HALLEY. In any event, you are positive that neither—well, let's take them one at a time—you are positive that Harry Sausser was not in the rum-running business?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Or in the liquor business?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Were you ever associated in business with him?

Mr. COSTELLO. No.

Mr. HALLEY. In any way or shape?

Mr. COSTELLO. No.

Mr. HALLEY. Did he ever represent you in the liquor business?

Mr. COSTELLO. No.

Mr. HALLEY. You were in the liquor business during prohibition, were you not?

Mr. COSTELLO. Well, on and off, yes; in later years.

Mr. HALLEY. And the earlier years, too, you have already testified, have you not?

Mr. COSTELLO. No; I haven't.

Mr. HALLEY. We will get to that.

But you did buy liquor in Canada?

Mr. COSTELLO. Well, no. I wouldn't say I bought liquor in Canada.

Mr. HALLEY. Did you do business in Canada?

Mr. COSTELLO. Well, people done business in Canada, and brought it to the United States. I bought it from them.

Mr. HALLEY. Well, you did business in Canada, did you not?

Mr. COSTELLO. No. Directly I haven't done no business in Canada.

Mr. HALLEY. Mr. Costello, are you really being frank with the committee? This is a little surprise to me. I thought you had freely admitted that you had done business in Canada.

Mr. COSTELLO. Well, I don't know if I admitted it or not. But I am just telling you that business, if I did through Canada, I did it through someone else, not myself. People bought, brought, and I bought it from them.

Mr. WOLF. I think he has explained that to you before, Mr. Halley, that it was through others. He doesn't deny that he did business in Canada in that way.

Mr. HALLEY. In what way is that?

Mr. WOLF. Explain it.

Could the witness explain it?

Senator O'CONOR. Yes.

Mr. COSTELLO. I bought it from people that bought it from Canada.

Mr. HALLEY. You bought it from people——

Mr. COSTELLO. I might have had knowledge they were going over there to buy it and bring it in; and then I told them I would buy it.

Mr. HALLEY. In other words, they would smuggle it in; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you would buy it from them?

Mr. COSTELLO. That's right.

Mr. HALLEY. Is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. During what period of time were you in this business of buying liquor imported from Canada?

Mr. COSTELLO. Well, I couldn't tell you the exact time. Approximately around 1927, 1928, 1929. I don't know. The later years.

Mr. HALLEY. It could have been as early as 1922 or 1923; could it not?

Mr. COSTELLO. No; I doubt it.

Mr. HALLEY. You don't think you have ever testified to that?

Mr. COSTELLO. Well, I might have. But not now; to my recollection, I don't think it was earlier than 1927.

Mr. HALLEY. Well, whenever it was, you have never associated Harry Sausser with the liquor business; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. In any way, shape, or manner?

Mr. COSTELLO. That's right.

Mr. HALLEY. Do you recall having appeared before the New York State Liquor Authority, zone office 1, in a proceeding in New York City on February 15, 1947?

Mr. COSTELLO. Why I appeared there? I just don't know the dates, but I have appeared there.

Mr. HALLEY. You remember appearing there?

Mr. COSTELLO. Yes.

Mr. HALLEY. In fact, Mr. Wolf here was with you; wasn't he?

Mr. COSTELLO. Right.

Mr. HALLEY. Do you recall the following question being asked you—first, let me ask if you remember a Mr. Kaitz questioning you?

Mr. COSTELLO. Who?

Mr. HALLEY. Mr. Kaitz—K-a-i-t-z. His full name is Mr. Joseph Kaitz.

Mr. WOLF. Mr. Halley, I wouldn't remember who examined him; but there was no question he was examined. He submitted to be examined voluntarily. He was asked if he would testify. He came there voluntarily and testified.

Mr. HALLEY. Thank you, Mr. Wolf.

And were you under oath, Mr. Costello, at that time?

Mr. WOLF. And an oath was administered.

Mr. HALLEY. May the witness answer the question, Mr. Wolf?

Mr. COSTELLO. That is right.

Mr. HALLEY. Now, Mr. Costello, do you remember whether or not Mr. Kaitz asked you this question:

A moment ago you said you did business through someone who represented you in Canada.

Do you remember that question having been asked?

Mr. COSTELLO. At that particular time?

Mr. HALLEY. Yes.

Mr. COSTELLO. Well, I don't remember whether the question was asked.

Mr. HALLEY. If it appears on the record, you are not prepared to deny it?

Mr. COSTELLO. Whatever the record says.

Mr. HALLEY. Do you remember having answered "Yes"?

Mr. COSTELLO. If the record says so, I must have.

Mr. HALLEY. Now, the next question is: "Who is that person?"

Do you remember that question?

Mr. COSTELLO. Who was what?

Mr. HALLEY. The next question Mr. Kaitz asked was: "Who is that person?"

Mr. HALLEY. The person who represented you in Canada.

Mr. COSTELLO. That person?

Here I will read both questions, and you will follow it better:

A moment ago you said you did business through someone who represented you in Canada.

A. Yes.

Q. Who is that person?

Do you remember being asked that?

Mr. COSTELLO. I don't remember it. Just read it, and what's my answer?

Mr. HALLEY. Well, let me ask you, did you do business with somebody who represented you in Canada? Was that a correct answer?

Mr. COSTELLO. That represented me in Canada?

Mr. HALLEY. Yes.

Mr. COSTELLO. Well, I wouldn't say exactly represented me, but I knew he was on his own, and when he came on here, I would take it off him.

Mr. HALLEY. You were trying to explain that you were buying liquor from somebody in Canada?

Mr. COSTELLO. That's right—that I bought from Canada, and brought it on.

Mr. HALLEY. During prohibition?

Mr. COSTELLO. That's right.

Mr. HALLEY. And who was this person that you bought the liquor from?

Mr. COSTELLO. Well, I just don't remember.

Mr. HALLEY. Well, your answer to the question—

Q. Who is that person?

A. He is dead—a fellow named Harry Saucer (phonetic).

Would that have been the same Harry Sausser we have been talking about?

Mr. COSTELLO. No.

Mr. HALLEY. Who is the other Harry Sausser?

Mr. COSTELLO. I know it wasn't that Harry Sausser. There's a lot of Sausseres.

Mr. HALLEY. Well, there's Saucer for the goose and Saucer for the gander, but this is Harry Saucer.

Mr. COSTELLO. It was not the Harry Sausser that signed my application.

Mr. HALLEY. Where is the Harry Sausser who was on your application?

Mr. COSTELLO. Well, I wouldn't know. I believe he is dead.

Senator TOBEY. Perhaps he is the flying saucer.

Mr. COSTELLO. Perhaps; perhaps.

Senator TOBEY. Mr. Counsel, do I understand from your questions that the witness before us conspired with certain parties to buy liquor in Canada and bring same into this country, and that he would then buy it from them? Is that the import of your question?

Mr. HALLEY. Well, the witness has so testified, I believe, on previous occasions.

Is that right, Mr. Wolf—that during the prohibition period he did that?

Mr. WOLF. Well, I don't think there is any question from his testimony here that that's the implication. Senator Tobey.

Mr. HALLEY. The next reply to your question, perhaps, Senator, is that apparently a real estate broker named Harry Sausser, who was one of the character references on Mr. Costello's application for naturalization, appears to have a name very similar to the Harry Saucer whom he testified in 1947 was the man who bought the liquor from him.

Senator TOBEY. Wouldn't that have elements of a conspiracy to break the laws of this country between two parties?

Mr. HALLEY. I should think so. I should also think it would have the elements of a conspiracy to obtain a naturalization by fraud.

Senator TOBEY. What is the date of his naturalization papers?

Mr. HALLEY. The naturalization was obtained—the declaration was made, the first declaration, in 1923. The date of the filing of these papers is 1925—May 1. And the witnesses, recorded not only on the original form, but on a card that summarizes the proceeding, were Frank A. Goss, real estate, and Harry Sausser, real estate, Huntington, Long Island.

Senator TOBEY. Well—I am just thinking out loud now—if it is a fact that there was a conspiracy between the parties here involved to break the laws and transgress the laws of this country, and if at a later date he was made a citizen, and if a false statement was made in that situation there, is not the man who made the false affidavit as susceptible to deportation from this country as one who falsified the records?

Mr. COSTELLO. Mr. Senator, if you call that a conspiracy—may I answer that?

Senator TOBEY. I asked that question of counsel. I will talk to you later.

Is that reasonable thinking?

Mr. HALLEY. That is my thinking, sir.

Senator TOBEY. That thought comes to me now, and I think the value of this hearing is that the committee members can raise any

questions in their minds as they come to them—that is called the conversational method—and without seeking to make an effect on the audience.

It comes to my mind like a flash that the *prima facie* evidence given here is that here is grounds for a real situation, a very reprehensible situation, which vitiates the genuineness and the granting of naturalization, when made under false statements.

Mr. WOLF. Senator—

Senator O'CONNOR. Counsel, you have indicated a desire to speak?

Mr. WOLF. Only, Mr. Senator, that it is very obvious that this witness' position is not a very pleasant one. He is here after the publication of charges of the most horrible character. He is here at your request for further testimony.

It seems to me that constant castigation of the witness' actions, which he has admitted and said he is not particularly proud of, and which happened many years ago, certainly is not helping this investigation, if it desires testimony of the witness.

I say that, Senator Tobey, with the greatest respect and admiration for you. I have that admiration and respect. But I say I don't think that remarks of that character tend to make this examination a fair examination.

It puts this witness in a position where he constantly is diverted from the facts in this case. It puts him in a position where he must, naturally, seek to defend himself from charges as to matters, at least, that I believe are wholly foreign to the very subject matter of this investigation.

If you are talking of a background, the witness has furnished you that background. He has admitted the background.

Senator TOBEY. I am talking about facts, and it is an old axiom in which I believe that the truth will always bear the testimony, and no man, whether it is Frank Costello or Mr. Wolf or anybody else need fear God, man, or the devil if he tells the truth.

So, as these facts are brought out, I have asked to have them confirmed, and if these are the facts, it is evident to me that the man is in the country illegally, and that he committed a crime, and that is all. I have asked these questions, and the chairman has not stopped me—

Mr. WOLF. I am objecting to your remarks, Senator, because I say to you that this witness is here under the most adverse circumstances. He has been in here and he has been held up to ridicule and scorn and hatred by a report that you have published, and I say to you that his examination ought to be continued, ought to be conducted, without the witness being castigated and held up to further scorn and ridicule.

Mr. HALLEY. Mr. Chairman, may I be heard? This examination was designed to be an examination relating primarily to this witness' activities as a result of which the committee concluded that he had the part referred to in its report in organized crime in interstate commerce. However, Mr. Wolf put the witness' veracity in issue with his opening statement, and the witness' veracity is in issue and, with the chairman's permission, counsel will continue to show whether or not the witness is credible or not credible.

Mr. WOLF. You don't mean to tell me, Mr. Halley, that you didn't intend to proceed with the examination you are conducting whether or not I made that statement?

Mr. HALLEY. I have no intention of getting into a controversy with you.

Senator O'CONOR. All right. Now the next question.

Mr. HALLEY. Well, Mr. Costello, is it not a fact that you were indicted for a conspiracy to smuggle liquor into the United States in the year 1925?

Mr. COSTELLO. I wouldn't know if it was in 1925 or 1926, but I was indicted.

Mr. HALLEY. And is it not a fact that named in that conspiracy and the subject of bench warrants in that matter were the same Goss and Sausser who signed your naturalization application?

If you don't know it, you don't have to say it was.

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Mr. Chairman, for the record, I would like to quote from an official record of the United States Bureau of Immigration and Naturalization, in which it states that the court files contain an affidavit made by an assistant United States attorney in support of applications for bench warrants against Goss and Sausser, in which the attorney makes averments similar to those in the statements and states that the facts were obtained by him in the course of his investigation.

Mr. WOLF. I am asking Mr. Costello what disposition was made of that indictment. That is an indictment you refer to?

Mr. HALLEY. Yes.

Mr. WOLF. I am asking what disposition was made of the indictment, if he knows. Do you know, Mr. Halley?

Mr. HALLEY. Yes. Is it not a fact, Mr. Costello, that there were first brought to trial Bill Dwyer and a group of others who were convicted? Do you remember that?

Mr. COSTELLO. I believe there were 62 indictments——

Mr. WOLF. Defendants.

Senator O'CONOR. Sixty-two defendants?

Mr. COSTELLO. Sixty-two defendants.

Mr. HALLEY. Then do you remember that the case against you was dismissed by Federal Judge Winslow?

Mr. COSTELLO. Yes.

Mr. HALLEY. And do you remember whether or not Judge Winslow subsequently resigned under fire as a result of an investigation?

Mr. WOLF. As to this case, Mr. Halley? Mr. Halley, do you contend that he resigned under fire after an investigation as to this case?

Mr. HALLEY. I did not say that.

Mr. WOLF. Well, then I submit, I don't think it right. Judge Winslow is dead. I don't think it's even fair to suggest by the question, unless there is some basis for it, Senator, that the man resigned under fire because of an investigation unless the investigation was directed to this case.

Senator TOBEY. You are the Latin proverb *de mortuis, nil nisi bonum*. Is that right?

Mr. WOLF. I am not invoking that. I didn't have that proverb in mind.

Mr. HALLEY. He wasn't worried about Judge Winslow. He was just worried about Costello.

Mr. WOLF. I am trying to suggest that it will serve no useful purpose to intimate that a judge resigned under fire——

Mr. HALLEY. That is not an intimation, that is a fact.

Mr. WOLF. If the resignation had nothing to do with the subject matter of your inquiry as to the indictment against Costello, I think that that is just playing a smoke screen around the particular subject matter.

Mr. HALLEY. Mr. Chairman, counsel is entitled to his opinion, but I respectfully ask that I be allowed to continue the interrogation without having continuous arguments and interruptions by counsel.

Senator O'CONOR. Well, it will proceed in that manner. The witness, however, has answered this question directly, so that that concludes that phase of the matter. Next question.

Mr. HALLEY. Now, Mr. Costello, bearing in mind that you are under oath, will you state whether or not prior to having been naturalized as a citizen of the United States you were engaged in the illicit liquor business in the United States.

Mr. COSTELLO. I was not.

Mr. HALLEY. The date of your naturalization—these files are very voluminous, Mr. Chairman. When we lose one place it takes some time to find it again.

You were admitted to citizenship, were you not, on September 10, 1925?

Mr. WOLF. Is that the date of record? Because the witness certainly couldn't recall it.

Mr. HALLEY. That is the date that is on the official record.

Mr. WOLF. Let us concede that.

Mr. HALLEY. Let us stipulate, so that the witness won't be bound by the date if it should appear that the official record is wrong.

Mr. WOLF. That's right.

Senator O'CONOR. That is so understood.

Mr. HALLEY. Well, prior to the month of September 1925, did you or did you not engage in the business of selling, purchasing, transporting or possessing alcoholic beverages within the United States?

Mr. COSTELLO. No.

Mr. HALLEY. You did not?

Mr. COSTELLO. No.

Mr. HALLEY. Prior to 1925 did you purchase alcoholic beverages in the United States contrary to law?

Mr. COSTELLO. No.

Mr. HALLEY. Prior to 1925 did you know Harry Sausser?

Mr. COSTELLO. No, sir.

Mr. HALLEY. Did Harry Sausser represent you in Canada in connection with the purchase of liquor?

Mr. COSTELLO. No, sir.

Mr. HALLEY. Were any alcoholic beverages?

Mr. COSTELLO. No, sir.

Mr. HALLEY. Why did you state in your examination by Mr. Kaitz, before the New York State Liquor Authority, that you had done business through Harry Sausser who had represented you in Canada?

Mr. WOLF. What is the page of that, Mr. Halley?

Mr. HALLEY. It is page 30.

Mr. WOLF. Thank you.

Mr. HALLEY. I will be happy to do it for you.

Mr. WOLF. I have a copy of that record in my office.

Mr. HALLEY. Can you explain why you made such a statement?

Mr. COSTELLO. Well, first of all, I will explain it my way. The Sausser you have reference to that is on my application was never in the liquor business, to my knowledge, or the Goss, to my knowledge. There has been a lot of Sausseres around, as the Senator said, they are flying around.

Mr. HALLEY. Have there been a lot of Harry Sausseres?

Mr. COSTELLO. Well, there's more than one Sausser, more than one Costello, and if I said that I purchased liquor from a Sausser, from a Harry Sausser that brought it in from Canada, I might have said that, because there's a lot of Sausseres.

Mr. HALLEY. Well, did you ever purchase liquor from a man named Harry Sausser?

Mr. COSTELLO. Well, I might have. It's so many years back. I might have, yes, from a Sausser.

Mr. HALLEY. And did a man named Harry Sausser ever represent you in Canada?

Mr. COSTELLO. No; nobody ever represented me in Canada.

Mr. HALLEY. Well, the question asked you by Mr. Kaitz is:

A moment ago you said you did business through someone who represented you in Canada.

Your answer was "Yes."

Mr. COSTELLO. I don't know what the statement reads there, but now this is a fresh recollection. I am telling you just what I did and didn't do as I remember of today.

Mr. HALLEY. And what did you do and what did you not do?

Mr. COSTELLO. I didn't sell no liquor prior to 1925, and I had nobody representing me personally in Canada. I might have expressed it the wrong way—that people that went there and bought and come on here and I bought it from them.

Mr. HALLEY. Was Harry Sausser one of the people that you bought liquor from?

Mr. COSTELLO. There might have been a Sausser or Harry Sausser.

Mr. HALLEY. How many Harry Sausseres did you know?

Mr. COSTELLO. I don't know. I might have known two or three.

Mr. HALLEY. Two or three?

Mr. COSTELLO. Yes.

Mr. HALLEY. Are any of them alive today?

Mr. COSTELLO. Well, I wouldn't know.

Mr. HALLEY. You said that the Harry Sausser you bought liquor from is dead today?

Mr. COSTELLO. Well, if he is dead, I couldn't tell you if the other two is alive.

Mr. HALLEY. You don't know where the other two are?

Mr. COSTELLO. No.

Mr. HALLEY. But you knew three. Do you expect this committee to believe that story, Mr. Costello?

Mr. WOLF. Now, I object.

Mr. COSTELLO. I am not expecting you to believe anything. I know you weren't going to believe anything when I first come here. I have been prejudged.

Mr. HALLEY. Where did the three Harry Sausseres live? Senator Tobey would like to know, and I would, too.

Mr. COSTELLO. Well, one of them lived in Long Island.

Mr. HALLEY. Where?

Mr. COSTELLO. Oh, I imagine in Plandome somewhere.

Mr. HALLEY. How do you spell that, please?

Mr. COSTELLO. Plandome.

Mr. WOLF. P-l-a-n-d-o-m-e. Is that it?

Mr. COSTELLO. Plandome.

Mr. HALLEY. Which one was that? Let's identify them by the business they were in. Was that the man whom you bought liquor from or the man you knew in the——

Mr. COSTELLO. No, no; that's the one on my application.

Mr. HALLEY. He was in the railroad business?

Mr. COSTELLO. Yes.

Mr. HALLEY. But the application said it was the real-estate business.

Mr. COSTELLO. Well, I don't know what he put on the application. If you will notice, it's not my handwriting on the application.

Mr. HALLEY. Well, the facts seem to be very accurately stated in many respects on this application, don't they; in fact, in almost every other respect except the failure to state the name Severio?

Mr. COSTELLO. Well, I don't know. I wouldn't know. You are going back 30, 25 years now. I don't know about your applications.

Mr. HALLEY. In any event, we have one Harry Sausser in Plandome who was in the railroad business?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, where did the other two——

Mr. COSTELLO. To my knowledge, that was his business.

Mr. HALLEY. Where were the other two Harry Saussers?

Mr. COSTELLO. Well, I wouldn't say too exactly, but one more I would say stopped at the McAlpin, to my knowledge, McAlpin Hotel.

Mr. HALLEY. You mean he lived there?

Mr. COSTELLO. Yes; that was his residence. He lived at the McAlpin Hotel when I knew him.

Mr. HALLEY. Could that have been the same Harry Sausser?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. Could that have been the same Harry Sausser?

Mr. COSTELLO. No.

Mr. HALLEY. Who sometimes might have stayed at the McAlpin? I just don't want you to be confused about this.

Mr. COSTELLO. No; I am not confused. I don't believe it was the same Harry Sausser.

Mr. HALLEY. What business was the McAlpin Harry Sausser in?

Mr. COSTELLO. I don't know what business he was in.

Mr. WOLF. I would like to ask the witness, if I may, a question. Senator O'CONOR. Go ahead.

Mr. WOLF. The Harry Sausser who signed as a witness on your application for naturalization was a man who lived in Plandome, was he not, and you believe in the railroad business?

Mr. COSTELLO. That's right.

Mr. WOLF. And not connected in the liquor business?

Mr. COSTELLO. That's right.

Mr. WOLF. The other man, whether his name be Harry Sausser or not, whom you dealt with in liquor or purchases that came from Canada, did he live at the McAlpin Hotel?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, you mentioned that there might have been a third Harry Sausser.

Mr. WOLF. Just a moment, Mr. Halley. The Senator thinks we might have a recess.

Senator O'CONOR. It has been suggested that possibly a recess at this time might be in order. In fact——

Mr. HALLEY. Can we just get the location of the third Harry Sausser, which you named?

Mr. COSTELLO. I couldn't give you no location, for the simple reason I told you I knew two or three. I can't remember the third one.

Mr. HALLEY. The third one you don't remember?

Mr. COSTELLO. Maybe I am even wrong on the third one.

Mr. WOLF. May we have the recess?

Senator O'CONOR. We will recess for 10 minutes.

(A 10-minute recess was taken.)

Senator O'CONOR. The hearing will now be resumed.

All right, Mr. Halley.

Mr. HALLEY. First, Mr. Chairman, I desire to correct the record in connection with my assertion that Mr. Costello had been asked whether he had been previously convicted under the name of Saverio. He was asked whether he was convicted, on page 613 of the committee's record, on Thursday, February 15, 1951, but he was not asked at that time whether he used the name Saverio.

Mr. WOLF. What was his answer, Mr. Halley?

Mr. HALLEY. His answer was "Yes."

I will read the whole column——

Mr. WOLF. I don't think it is necessary. I understand it, Mr. Halley.

Mr. HALLEY. And, of course, it is conceded that he said that there was never a conviction recorded under the name of Frank Costello, but that there was one in 1915 for Frank Saverio?

Mr. COSTELLO. Yes; we will concede that.

Mr. HALLEY. And that, of course, is the conviction to which you referred?

Mr. WOLF. To which you referred.

Mr. HALLEY. No; the one he referred to in answer to the question.

Mr. COSTELLO. A misdemeanor for possession of a weapon.

Senator TOBEY. Mr. Chairman, off the record, please.

Senator O'CONOR. Off the record.

(Discussion off the record.)

Senator O'CONOR. On the record.

Mr. WOLF. Mr. Chairman, Mr. Costello is here today against the advice of his physician. He is suffering as I told Mr. Halley some days ago, from a very serious case of laryngitis. His throat and tonsils are affected. I did not want to ask for an adjournment because of the misconstruction that would be put on it and the misinterpretation that might be put to any application of that kind, and I told Mr. Halley that Mr. Costello would be here if he could physically get here. The doctor has, in a conversation which I had with him late yesterday afternoon, told me that unless he uses his voice sparingly, he would not be responsible for the consequences.

I ask, therefore, that we have a little earlier adjournment than 12:30. I am not asking that this examination be curtailed in the slightest degree.

Senator O'CONOR. Very good.

Mr. Wolf, understanding that, we are not going to have prolonged session; and that is why an interruption was taken. We will go on, then, for a time and adjourn or recess until 2 o'clock.

Mr. HALLEY. Mr. Costello, is the December 3, 1925, date your recollection as to the date upon which you were indicted in the United States District Court, Southern District of New York?

Mr. COSTELLO. Well, I don't remember the date. I will concede to whatever you have on the record there.

Mr. WOLF. May I make a suggestion to the witness, my client, not to make any concessions unless the request for a concession is made to me as his attorney?

Mr. HALLEY. I didn't ask for a concession.

Mr. WOLF. I understand that. I am suggesting it to the witness.

Mr. HALLEY. Mr. Costello, do you—

The CHAIRMAN. Senator O'Connor, I think it is very important to have the date of the indictment fixed definitely because the final naturalization was before that date, as I understand it—just a month at that time or 2 months before.

Mr. WOLF. But, Senator Kefauver, my statement was merely with reference to requests to be made to the witness. I, as his attorney, have no hesitancy in conceding that if Mr. Halley says that is the date on which he was indicted, that is the date on which he was indicted.

Mr. HALLEY. I did not put it that way, because I am referring to a record of the Bureau of Naturalization and not the original court records, and therefore I will not personally make the statement that that is the date. I asked the question based upon the record in the naturalization file.

Mr. WOLF. Well, Mr. Halley, whatever you indicate is the date, we will accept that date; and if there is to be any correction, we can correct it later.

Mr. HALLEY. That's right.

Mr. WOLF. As a matter of fact, in going through this record rather hurriedly, I find there are a number of errors, typographical errors, and matters that do require explanation, unexplained answers, for instance, or answers that are not full enough.

I want the opportunity at a later time to advise the committee of those typographical errors and those incomplete answers, and I want the opportunity of completing them.

Senator O'Connor. And Mr. Halley.

Mr. WOLF. Is that all right, Senator?

Senator O'Connor. If that is done seasonably, yes.

Mr. HALLEY. Do you know a man by the name of Fred Pitts?

Mr. COSTELLO. Fred Pitts?

Mr. HALLEY. Yes.

Mr. COSTELLO. No.

Mr. HALLEY. Frederick C. Pitts.

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Did you ever have an office at 405 Lexington Avenue, New York?

Mr. COSTELLO. No.

Mr. HALLEY. You never had an office at 405 Lexington Avenue?

Mr. COSTELLO. No.

Mr. HALLEY. Did you ever testify that you had such an office?

Mr. COSTELLO. If you will let me explain——

Mr. HALLEY. Please do.

Mr. COSTELLO. I believe there was a man named Prince, who had an office at 405 Lexington Avenue, where I used to go up there occasionally.

Mr. HALLEY. Then did you ever refer to it as your office?

Mr. COSTELLO. Then later—wait until I get through, Mr. Halley—later, I don't know just how late, I believe I rented a room in that particular office from this friend for my real estate business.

Mr. HALLEY. Then it would be true that you had an office at 405 Lexington Avenue?

Mr. COSTELLO. I had a room there, yes.

Mr. HALLEY. Did you ever use the premises, or any premises, located at 405 Lexington Avenue, for the bookmaking business?

Mr. COSTELLO. No.

Mr. HALLEY. At no time?

Mr. COSTELLO. No.

Mr. HALLEY. Did you ever say that you had?

Mr. COSTELLO. I don't believe I said that.

Mr. HALLEY. Well, did you ever say so under oath, Mr. Costello?

Mr. COSTELLO. That I used it for bootlegging business?

Mr. HALLEY. Yes.

Mr. COSTELLO. I don't remember.

Mr. HALLEY. Well, do you remember having been asked by Mr. Massuolo: "Where were your headquarters located?"

Mr. WOLF. What page?

Mr. HALLEY. Page 8.

And your answering: "405 Lexington Avenue."

Mr. COSTELLO. Yes, but that was my real-estate office.

Mr. HALLEY. You think he was asking you about your real estate?

Mr. COSTELLO. That's right.

Mr. HALLEY. Do you remember Mr. Kaitz at that point asking: "Did anyone else share that office with you?" and your answering, "No"?

Mr. COSTELLO. Well, the chances are the principals of that office were out at that time, and I said, "No."

Mr. HALLEY. Do you remember whether, I believe it was Mr. Kaitz—we have to go back and find out—Mr. Kaitz was asking questions at this point, on page 7, he asked: "You brought whisky into the United States?"

And your answer, "That is right."

Do you remember having made such an answer to such a question?

Mr. COSTELLO. Well, if I said that, I didn't mean it in the way that I brought, personally, in the United States.

Naturally, all whisky come into the United States, that has been used, that I used, that I bought, and that you drank. And everybody else in this room. But it don't mean that I brought it in personally myself from any States.

Mr. HALLEY. His next question was——

Mr. COSTELLO. Or from out of the States.

Mr. HALLEY. His next question was: "From places outside the country," and your answer was, "That is right."

Mr. COSTELLO. That it came from outside the country; naturally.

Mr. HALLEY. You didn't refer to the previous question, which was, "You brought whisky into the United States."

Mr. WOLF. Will you read those question and answers, Mr. Halley?

Mr. HALLEY. I am reading them. The present question is: "You didn't relate your answer to the previous question, 'You brought whisky into the United States?'"

Mr. WOLF. Is that the answer?

Mr. Chairman, may I know whether or not Mr. Halley is referring to testimony, or whether he is asking the witness a question now?

Senator O'CONNOR. Counsel, committee counsel has the right, we think, to pursue the line of interrogation he is pursuing now.

Mr. WOLF. No question about it.

Senator O'CONNOR. It is, of course, difficult to require him to stop at every question.

Mr. WOLF. I want to know if he is referring to a question in the record, or whether he is asking the witness a question.

Mr. HALLEY. Mr. Chairman, to save time and to save everybody else's voices, may I, with your permission, read into the record the series of questions and answers purportedly made by Mr. Frank Costello before the New York State Liquor Authority in New York City, on February 15, 1947.

Mr. WOLF. Pages?

Mr. HALLEY. Question on page 7. [Reading:]

Q. What years were you engaged in bootlegging during prohibition?

A. From 1923 to 1926.

Q. Were you in business for yourself?

A. Yes.

Q. Did you have any partner?

A. No.

Q. Was that business in the nature of an importer or a wholesaler?

As I might say, selling to—and there then was interposition—"selling to anybody" was your reply at that point.

Q. There is a difference. Were you selling to people who sold at retail, or were you selling at retail?

A. No; I sell to individuals.

Q. You brought whisky into the United States?

A. That is right.

Q. From places outside the country?

A. That is right.

Q. Did you ever have a headquarters during that time?

A. Yes.

Q. Can you tell me anybody you dealt with during that period of time?

A. No; I can't remember. It is too far back.

Q. Where were your headquarters located?

A. 405 Lexington Avenue.

Q. Did anybody else share that office with you?

A. No.

Q. How many years were you located—for how many years were you located at 405 Lexington Avenue?

A. Three years.

Do you remember having heard those questions and made those answers?

Mr. COSTELLO. Well, I believe I tried to cover, when he asked me that question, I covered the blanket years. But now, to my recollection, thinking it over, I know I haven't sold any liquor prior to 1926 or 1927.

Mr. HALLEY. Do you feel that the indictment against you, filed in 1925, was completely without foundation?

Mr. COSTELLO. Well, the result speaks for itself.

Mr. HALLEY. The case against you was nolle prossed?

Mr. COSTELLO. That's right.

Mr. HALLEY. You were indicted with Big Bill Dwyer; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Did you ever do any business with him during prohibition?

Mr. COSTELLO. Not that I remember.

Mr. HALLEY. Do you remember whether you ever testified that you did business with Big Bill Dwyer?

Mr. COSTELLO. I might have. I just don't remember at present.

Mr. HALLEY. And you don't remember Frederick Pitts?

Mr. COSTELLO. No.

Mr. HALLEY. Was Edward Costello in the liquor business with you?

Mr. COSTELLO. No.

Mr. HALLEY. He was not?

Mr. COSTELLO. No.

Mr. HALLEY. He was indicted with you, was he not?

Mr. COSTELLO. There were 62 indictments.

Mr. WOLF. Persons.

Senator O'CONOR. Individuals.

Mr. COSTELLO. Individuals.

Mr. HALLEY. And he was also indicted; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Was Edward Costello ever at your office at 405 Lexington Avenue?

Mr. COSTELLO. Yes.

Mr. HALLEY. Was Frank Goss ever at your office at 405 Lexington Avenue?

Mr. COSTELLO. Yes.

Mr. HALLEY. And were any of the Sausseres ever at your office at 405 Lexington Avenue?

Mr. COSTELLO. Yes.

Mr. HALLEY. Did you know whether there was a Harry Sausser located at the Jackson House in Greenport, Long Island?

Mr. COSTELLO. No.

Mr. HALLEY. Did you ever tell a man named Frederick Charles Pitts to go to see Harry Sausser at the Jackson House in Greenport, Long Island?

Mr. COSTELLO. I believe I told you I don't know of Pitts.

Mr. HALLEY. Did you ever hear of a boat called the *California*?

Mr. COSTELLO. Well, I wouldn't remember.

Mr. HALLEY. Did you know anybody who used a boat to bring whisky into the United States during the prohibition years?

Mr. COSTELLO. Well, there was a lot of people that brought—O'Dwyer—I mean Dwyer, and a few other bootleggers.

Mr. HALLEY. Did you ever hear of a boat called the *Skeedaddle*?

Mr. WOLF. Mr. Halley, may I ask if you are reading from the indictment in that case which was dismissed against Costello?

Mr. HALLEY. I don't think that is a proper question, and I won't answer it.

Mr. WOLF. Mr. Chairman, now I ask a question. Mr. Halley is looking at some records. May I ask if he is reading from the indictment that he referred to?

Senator O'CONOR. Counsel, the committee counsel has not in his questions indicated or asked the witness anything about a record which

would entitle the witness to have the record before him. I think counsel is entirely within his rights in asking the questions in the way in which he is proceeding.

Mr. HALLEY. Did you ever hear of a boat called the *Skedaddle*?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. Did you ever hear of a boat called the *Denise*?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. Did you ever lease any boat to bring liquor into the United States?

Mr. COSTELLO. Never.

Mr. HALLEY. Did you ever hear of a boat called the *Vincent White*?

Mr. COSTELLO. Not that I remember.

Mr. HALLEY. Did you ever hear of a man named Jim O'Connell?

Mr. COSTELLO. Jim O'Connell?

Mr. HALLEY. Yes.

Mr. COSTELLO. Yes.

Mr. HALLEY. And did he ever work for you?

Mr. COSTELLO. No.

Mr. HALLEY. What business was Jim O'Connell in?

Mr. COSTELLO. Well, he is in the contracting business, the Jim O'Connell I have reference to.

Mr. HALLEY. Did you ever know a Jim O'Connell who was in the liquor business during prohibition?

Mr. COSTELLO. No, not that I remember.

Mr. HALLEY. Where did your liquor come from during the prohibition period? Canada?

Mr. COSTELLO. Well, they claimed it come from Canada; yes.

Mr. HALLEY. And whom did you buy it from?

Mr. COSTELLO. Well, I wouldn't remember who I bought it from, it is so far back.

Mr. HALLEY. Did you ever buy any liquor from Sam Bronfman?

Mr. COSTELLO. Well, I might have testified that they bought liquor from Sam Bronfman, and then I bought it.

Mr. HALLEY. Did you buy liquor from Sam Bronfman?

Mr. COSTELLO. I personally, no.

Mr. HALLEY. Well, who did?

Mr. COSTELLO. Well, whoever I done business with.

Mr. HALLEY. Well, did you have an arrangement with Sam Bronfman whereby he would ship liquor to the United States?

Mr. COSTELLO. No.

Mr. HALLEY. Do you remember testifying before this committee on February 15, 1951—

Mr. WOLF. What page?

Mr. HALLEY. When I ask a specific question, I will give you the page.

Mr. WOLF. It will save time, Mr. Halley.

Mr. HALLEY. You remember testifying, of course?

Mr. COSTELLO. Yes.

Mr. HALLEY. And do you remember being asked this question on page 6136:

Q. Who do you know in the Bronfman family?—A. Sam Bronfman.

Q. When did you meet him, and under what circumstances?—A. During the prohibition days.

Q. And did you buy liquor from him?—A. I might have bought some liquor from him, yes.

Did you say that?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, do you want to qualify it?

Mr. COSTELLO. Well, what I meant is if I bought liquor from him, that means I met him in the United States and I bought from him in the United States.

Mr. HALLEY. It doesn't mean you made arrangements to have him ship it to someone else on your behalf in the United States?

Mr. COSTELLO. No, I don't know just how the transaction come about, but either he brought it in himself or he shipped it to someone else and I rebought it.

Mr. HALLEY. But you made no arrangements to have it shipped into this country?

Mr. COSTELLO. No.

Mr. HALLEY. Is that your definite recollection at this date?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, have you done anything to help you check your recollection since the last time you testified before this committee?

Mr. COSTELLO. Well, nothing in particular, outside of I am just trying to refreshen my memory, and I come to the conclusion that I never bought from him in Canada.

Mr. HALLEY. But you did, the last—go ahead.

Mr. COSTELLO. In New York.

Mr. HALLEY. Well, now you are qualifying. What do you mean "in New York"? Did you buy it from him in Canada?

Mr. COSTELLO. Well, Bronfman, no.

Mr. HALLEY. Did you have it shipped from Canada to you in the United States?

Mr. COSTELLO. I bought it in New York.

Mr. HALLEY. From completely independent people?

Mr. COSTELLO. Either from Bronfman or independent people; yes.

Mr. HALLEY. But if you bought it from Bronfman, you bought it in the United States and not in Canada?

Mr. COSTELLO. That's right. No prearrangements. He just—if I had bought a thousand cases off of him, he would say, "I will see that you get it."

Mr. HALLEY. Well, were you wrong when you stated the following to the committee on page 6139, the last time you testified, last month:

Question. It was shipped to someone else acting for you?

Answer. That is right.

Question. And then you would confine it to various other people?

Answer. That is right.

Now, do you want to qualify that?

Mr. COSTELLO. Yes; I want to qualify it. I want to make it specifically on the record that I bought in New York, whether it was Bronfman or anyone else, and if Bronfman shipped it to anyone else, I bought it from someone else.

Mr. HALLEY. You didn't buy it from somebody you had there in Canada to buy it from Bronfman?

Mr. COSTELLO. No, no.

Mr. HALLEY. Mr. Costello, your testimony the last time you were before this committee was entirely different.

Mr. COSTELLO. Well, you want me to refresh my memory. You just asked me that, and I am refreshing it.

Mr. HALLEY. Let me read you some more questions. This is on page 6138:

Question. Now, you would have to have somebody there to buy it legitimately from Bronfman in Canada; is that right?

Answer. That is right.

Question. And certain arrangements would have to be made to ship it into the United States?

Answer. That's right.

Mr. WOLF. Excuse me. What is that page?

Mr. HALLEY. 6138. I announced it before. [Reading:]

Question. And would it be shipped directly to you or would you have someone else from whom you bought it here?

Answer. Well, I don't know. It was not shipped directly to me, no.

Question. It was not?

Answer. No.

And this, Mr. Costello, the next question I want to call directly to your attention specifically:

Question. You bought it from someone else?

Answer. No; it would be shipped to somebody else, but that was not shipped direct to me.

Question. It was shipped to somebody else acting for you?

Answer. That is right.

Mr. COSTELLO. Well, I want to correct that. It was shipped to somebody else, and then I bought from somebody else.

Mr. HALLEY. Of course, that is not what you said very distinctly the last time you testified, is it?

Mr. COSTELLO. No, but I am refreshing my memory.

Mr. HALLEY. You are not making a practice of answering questions to suit the particular fact that you think that I may be trying to drive at? You are answering them honestly, I hope, are you?

Mr. COSTELLO. Yes, to my best knowledge, and I am answering the questions where my memory serves me.

Mr. HALLEY. Well, do these variations occur for the purpose of attempting to get me off the track?

Mr. COSTELLO. No; I don't answer no trick questions.

Mr. HALLEY. There are no trick questions, are there, Mr. Costello?

Mr. COSTELLO. Well, I don't know, but I am inclined to believe, the way you beat around the bush, that some of them are tricky.

Mr. HALLEY. What bush have I beat around, Mr. Costello? Well, we will go on.

Mr. WOLF. Just a moment. Mr. Halley, unless you have exhausted that, I want to draw his attention to something.

Mr. HALLEY. Go right ahead.

Mr. WOLF. All right. May I draw his attention to an answer he previously made:

I don't remember the details. The mechanics are discharged out of my mind. I sold the liquor during prohibition, and I told you I got it from Canada. I don't think you should go any further into that. I cannot remember the details. You are going back many years.

He did make that answer, did he not, Mr. Halley?

Mr. HALLEY. I would have been rather foolish if I didn't press further after that answer, wouldn't I?

Mr. WOLF. I am not criticizing you for that. I am merely bringing the witness' attention to the fact that he did state that his memory was very vague and uncertain about it.

Mr. HALLEY. Isn't it the duty of a conscientious examiner to try to help a witness by prodding his memory and his recollection?

Mr. WOLF. Yes, but that isn't your purpose, Mr. Halley, and you know it.

Mr. HALLEY. I am trying to get some facts, and they seem to change from day to day.

Mr. WOLF. I disagree with that.

Mr. HALLEY. Now, Mr. Costello, have you any explanation for why, on this naturalization application, the name of Frank Severio was not stated as another name you used?

Mr. COSTELLO. Well, at the time when I inquired, they told me that I would have to wait 5 years before I could apply for citizenship, and I waited 7 or 8, and it was not necessary to explain unless it was a felony that I had committed, or indicted or convicted for a felony. It happened to be a misdemeanor. That's the way it was explained to me at the time. That's why I probably didn't inject it into the application.

Mr. HALLEY. When you swore to uphold the Constitution of the United States, did you have in mind that at that time you were violating the laws of the United States?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. The last time you appeared before the committee, the committee asked you for a complete financial statement of your assets, and I believe at that time you said you would produce it, but that since then Mr. Wolf has stated that in view of the committee's report he would not produce such a financial statement; is that correct?

Mr. WOLF. I said so. I said that in view of the fact that I had believed the committee would await any determination until the witness testified, the release of this interim report in condemning him as it did would be a reason, one of the reasons why he would not furnish that financial statement, and I want to say further, Mr. Halley, and I think you will agree with me, that every bit of information that you requested as to data concerning his operations in the oil business, concerning his income for 1950, concerning all of his income tax returns between 1940 and date, were turned over to the committee and furnished to you. The only items that were left open was the request by Senator Tobey for a financial statement.

Mr. Costello, in spite of the fact that he might have raised a question, and object to the furnishing of that, felt that in justice to him he would forego any claim of immunity and give the committee this information.

That financial statement was to be given 2 weeks after, I think, February 15. We were busy preparing that statement. I attempted to get hold of Mr. Halley several days before the end of the 2-week period to tell him that we needed much more time, that this question of a financial statement was an important question to this witness, but when I heard that this interim report had come down I told Mr. Halley it could serve no useful purpose as far as this witness is concerned and that we would not comply with the request to furnish a financial statement.

Mr. HALLEY. And I believe I pointed out to you at that time there was no way I could force you to produce such a statement, but that I

would of course expect Mr. Costello to answer with full particularity all questions concerning his answers and liabilities.

Mr. WOLF. You said that you believed it was your right to question him about that.

I said I have no concern with that.

Mr. HALLEY. Now, Mr. Costello, have you brought with you a financial statement showing your net worth today?

Mr. COSTELLO. No.

Mr. HALLEY. What is your net worth today?

Mr. COSTELLO. I refuse to answer that question.

Mr. HALLEY. On what ground?

Senator O'CONOR. Why do you refuse to answer?

Mr. COSTELLO. I am going to exercise my rights that it might incriminate me.

Mr. HALLEY. Mr. Chairman, I believe the witness has fully waived his rights by testifying in great detail about his financial status by telling the committee he would provide such a financial statement at the last hearing. He was represented by able counsel who, as I believe the committee can see, has taken advantage of every proper technical point in his favor; and under the circumstances, I ask the committee to require the witness to answer the question.

Senator O'CONOR. Counsel, do you desire to be heard?

Mr. WOLF. I don't think it really necessary on a question of that sort, but if there is any doubt at all in the minds of this committee on that question, I desire to be heard.

Senator O'CONOR. Counsel, we will be very glad to hear you.

Mr. WOLF. Why it's very obvious that the witness has a right to stand on his constitutional right, if he fears that the question might tend to incriminate him, to take advantage of that right.

Now, on the question of waiver: there has been no waiver about that. Mr. Costello was asked if he would furnish a financial statement. He intended to forego any claim of constitutional privilege. He has changed his mind about that. I think he is justified in changing his mind about that, but that's something that is for him to determine.

He was asked to furnish a written financial statement, which he had a perfect right to refuse and change his mind about.

Now he is asked to state his net worth, and he takes a position that the answer to that question might tend to incriminate him.

I think it's obvious that there couldn't be a waiver, never was a waiver, never answered the question, and I will go further.

Mr. Halley said there was a waiver. Then he said why Mr. Costello furnished financial information on all other questions asked by him of this committee, and therefore there is no reason why the refusal to furnish a financial statement—why the furnishing of a financial statement wasn't waived.

Well, that couldn't be so. He was asked to furnish, and he did furnish, information as to all of his earnings in the year 1950. He not only did that, he furnished the committee with a prepared statement in connection with that.

He was asked to furnish the committee with copies of his returns. He turned those over to the committee with a summary of those.

He was asked to furnish the committee with details of the alleged, the so-called oil investments, which he did.

Now, none of those questions have to do with financial worth—very obvious. While it might be that earnings in the year 1950 might in some small degree affect financial worth, while it might be that an investment, oil investments, in some small degree might affect financial worth, while it may be that the other information that he disclosed, Senators, affect financial worth, the broad question as to what your financial worth is today stands on its own feet.

Now, this witness has come to the conclusion that he doesn't care to waive his constitutional rights with respect to that. He claims that his assertion of privilege is made in good faith, and justified, he believes, by the attitude of the committee. I can't find fault with that, Senators.

Senator TOBEY. But, Mr. Wolf, I asked that question at the closing part of the hearing that day back there—I think it was February—"What is your net worth?" And I asked for a statement of the assets and liabilities; and you agreed, after consultation with the witness, that you would supply it.

Mr. WOLF. That's right.

Senator TOBEY. I had supposed it would be supplied until just now. Then how far can the committee proceed on the assurance of counsel in principle here that they are going to do a thing, and then have them 2 months later renege upon it?

Mr. WOLF. Well, Senator, it's very obvious if you had known the facts from Mr. Halley.

For days prior to the end of the 2-week period when the financial statement was promised I had sought to get hold of Mr. Halley to tell him that we needed more time. When the interim report came down—that was just one day before the end of the 2-week period—I then told Mr. Halley that this witness would not supply a financial statement.

Now, when you speak of counsel renegeing, Senator—

Senator TOBEY (interposing). I join counsel together in principle with that.

Mr. WOLF. I am representing Mr. Costello, who is a witness. Now, Mr. Costello has taken a position that to give his net worth today would tend to incriminate him. I am bound, as his lawyer, to advise him on that; and I have advised him if he believes that the answer to that question might tend to incriminate him, that he should refuse to answer the question.

Senator TOBEY. I can't follow you at all in your reasoning, only that it is just a declamando statement. I don't think it is backed up by common sense, or by ethics, or by legal procedure.

You made a definite statement to give us those figures, and now I use the word "renege" advisedly, but it covers the subject. Now you draw it away from us, and we haven't got it.

These matters you speak about, these income taxes and other things, are collateral evidence bearing on the man's worth. But they are not conclusive of the man's worth. What we wanted is a statement of what he is worth today, assuming that he keeps books, and knows his assets and liabilities, and can strike a balance and can give it to us.

Mr. WOLF. Senator, I presume that when this man was testifying, and testifying fully, completely, that no report of this committee would be made until he had completed his testimony, when this interim

report came down. And as I was given to understand, prepared before he testified; as I was given to understand, and so believed it.

Senator O'CONOR. Mr. Wolf, of course, there is a marked difference between what a witness' rights are and what he may elect to do out of displeasure, or otherwise.

He may, of course, take exception to what the committee, in its wisdom, saw fit to do in compliance with the Senate's requirement that a report be submitted on or before February 28. But that displeasure, if such it be, would not of itself entitle him to disregard and defy the committee in connection with a legitimate line of inquiry.

Mr. WOLF. I agree with you wholeheartedly. It isn't based upon displeasure.

Senator O'CONOR. Does counsel then desire to say on what basis the witness declines, what he is fearful of if this question is answered?

In other words, you have already stated that income-tax returns have been supplied, other detailed information has been submitted. The committee, in order to evaluate it, conceivably might consider this a very important matter in order that it can properly weigh the value of the data already submitted.

Mr. WOLF. For what purpose, Senator?

Senator O'CONOR. It may, of course, serve no use to speculate now. But a number of purposes.

Mr. WOLF. Can it serve any useful purpose as far as the witness is concerned?

Senator O'CONOR. It may not, of course, be to his liking, Mr. Wolf, or it may be. That, of course, is not the question.

The question is whether or not it infringes upon his constitutional rights.

Mr. WOLF. He believes so.

Senator O'CONOR. Well, his mere belief, of course, may or may not be sufficient. But I was just asking whether you care to indicate why he fears it, so that the committee can judge whether or not it is a matter which the committee should, in its discretion, advise him that he should answer.

Mr. WOLF. Why, the very report, Senator, indicated that most of the individuals named in the report were guilty of income-tax evasion.

As a matter of fact, it criticized the various income-tax bureaus for not more rigidly investigating, or thoroughly investigating, prosecuting these individuals.

Senator O'CONOR. And that may be a very good reason why the committee wants the information at this time, but not necessarily against the witness, but possibly in connection with its inquiry into the proper administration otherwise. I say, that is conceivably the case.

Mr. WOLF. But the witness now is on the other side of the table, Senator; and it is a question of his rights. There is no question about the fact that it is a—as far as your interrogation is concerned—it is a perfectly legitimate inquiry. I won't gainsay that. But then, on the other hand, the sole question that this witness is concerned with is whether or not the answer to the question is going to violate his constitutional rights.

He believes so. I believe, from the conferences that I have had with him, that it will do so. I believe that his claim is made in good

faith. And I believe that as a matter of law you should recognize that claim.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. Senator O'Connor, may I ask Mr. Wolf, or the witness, if they feel there is something about Mr. Costello's income, or about his net worth, which he honestly feels that if he gave this answer, might incriminate him of a Federal offense?

Mr. WOLF. I think the witness' answer is clear, definite; doesn't call for further query about that.

The question was, Senator, "What is your net worth?" The man declines to answer on the ground that it might tend to incriminate.

Now, if you don't sustain the privilege that is asserted under circumstances like that, then there is no such thing as the constitutional privilege.

Mr. HALLEY. Mr. Chairman, may I now be heard?

Senator O'CONOR. Yes, Mr. Halley.

Mr. HALLEY. I desire only to read on the record, at pages 6008 and 6009. There is a statement made by counsel as follows:

Before I go ahead, I have been reminded—

Mr. WOLF. What page is that, 6008?

Mr. HALLEY. 6008, the last question on the page, and then it runs to 6009.

Counsel stated:

Before I go ahead—

Mr. WOLF. I am sorry. I can't find it.

Senator O'CONOR. All right; just get the identical page.

Mr. WOLF. I have a copy here.

Mr. HALLEY. It is the last question on the page.

Mr. WOLF. On 6008?

Mr. HALLEY. Yes.

Mr. WOLF. Oh, I have it. Go ahead. It is a statement.

Mr. HALLEY. Have you got it now?

Mr. WOLF. Yes.

Mr. HALLEY (reading):

Before I go ahead, I have been reminded that you were to bring in a statement of Mr. Costello's total worth, Mr. Wolf. Do you have that with you, Mr. Costello?

Mr. COSTELLO. No, sir; I have not, and I am not prepared to give it to you at present. If you want it, I will give it to you, but I want at least 2 weeks' time. I want to get an accountant and give it to you in full detail, give you an accurate statement.

Mr. HALLEY. I certainly have no objection to that, Mr. Chairman.

The CHAIRMAN. All right. Can you do that within 2 weeks' time?

Mr. COSTELLO. I believe I can.

Mr. HALLEY. Would you stipulate that such a statement would be presented to counsel here at the Federal courthouse in the absence of the committee?

Mr. WOLF. With the understanding that it will be regarded as testimony of Mr. Costello, with the same force and effect, so that he will have the protection of congressional immunity statute in connection with it.

The CHAIRMAN. That is right.

Mr. WOLF. Or any other immunity statute that may be in existence.

Mr. Chairman, that sounds to me like a waiver.

Mr. WOLF. How could that be a waiver? It is a statement of counsel that you are willing to have his client—and the client was willing—to waive privilege and produce such a statement, under circum-

stances whereby he believed that if he would testify fully, he was achieving something for himself.

The witness now realizes that was an impossible situation. The witness realized and believed that it would be a futile thing for him to furnish that statement and waive whatever privileges, constitutional privileges, he had in connection with it.

With that feeling in mind—as a matter of fact, these very questions that Mr. Halley read, and the answers, indicate the presence of the need for immunity, that they were willing to forego it. Now the witness won't forego it.

MR. HALLEY. The immunity we were talking about was the immunity statute, so that the testimony you stipulated—it is not a statement, it is a stipulation—could not be used against him in any other proceeding. That is the immunity statute. That is the clear purport of your words.

MR. WOLF. I think my position was made very clear, and in my interview with Mr. Halley, when he disclosed the fact that the interim report was filed, and I think the witness' claim of immunity is as clear as a bell, and if it is not recognized, then it is because of the fact that there is no such thing as constitutional immunity.

MR. HALLEY. I have no further arguments. I have a stipulation here from counsel in which he invoked the protection of the constitutional immunity statute, which says that when a witness testifies, his testimony may not be used in a subsequent case against him.

Senator O'CONOR. The hour having arrived when we said a recess would be taken, we will now take a recess and consider the matter and be prepared to rule on it when we resume at 2 o'clock.

(Thereupon, at 12:30 p. m., a recess was taken until 2 p. m.)

AFTERNOON SESSION

(Thereupon, at the expiration of the recess, the committee reconvened at 2 p. m.)

Senator O'CONOR. The hearing will be resumed.

I would like to ask the audience to continue to cooperate so splendidly as you have, so that we may have quiet when we resume.

Mr. Wolf, your client, the present witness, we are anxious to ask if there is anything further you are desirous of asking, or anything in regard to the pending question?

MR. WOLF. No, sir.

Senator O'CONOR. Well, the committee is of the opinion, may I say, that it would serve no useful purpose to go into lengthy discussion on it, because in discussing what might be the relevancy of the question, we can imagine a number of things that it would bear upon directly; and the mere mention of them might be prejudicial, possibly, to the interests of the witness, to discuss them.

But we feel that the question of our counsel is a proper one, and that for several reasons the witness ought to be required to answer the question.

That being the unanimous opinion of the committee, we feel impelled to require the witness to answer the question that has been propounded to him by counsel.

MR. WOLF. Let me say this, Senator: I assume that you are an attorney?

Senator O'CONOR. Yes.

Mr. WOLF. And I assume that Senator Kefauver is an attorney?

The CHAIRMAN. I used to be considered one.

Mr. WOLF. Now, you will admit, both of you gentlemen—I don't intend any disrespect to Senator Tobey. It may be a compliment to you that I didn't address the question to you. I hope you don't feel that it is any—

Senator TOBEY. I am not a lawyer.

Mr. WOLF. You will realize that the question that is raised, the legal questions that are raised by the particular question that is addressed to the witness, is a rather involved one from the standpoint of law, and presents a great many legal problems that aren't as simple as the ordinary questions that you had, on which there has been a controversy.

Now, it seems to me that in view of what has transpired in this case, that in view of the fact that this witness has subjected himself to examination for 8 hours, in view of the position that we have taken, whether rightly or wrongly, but I assure you in good faith, that I should be given an opportunity to persuade you that you are wrong in your determination in this case; that I be given an opportunity to present to you a memorandum of law, and argue it before you, and attempt to persuade you that, as I feel about this, that you are compelling this witness to answer the question as an invasion of his constitutional right.

I remember Senator O'Connor, only yesterday afternoon, while a witness was on this stand, you evidenced great concern about the fact that your committee wanted to be fair, and wanted to reach a fair determination, wanted to give every witness an opportunity to see to it that your determination was fair, and that no injustice was done to this witness. You said that there would be plenty of time for the witness to avail himself of the opportunity.

Now I ask you for a reasonable length of time to brief this question, and for the opportunity of going before you gentlemen and arguing it before you.

And I may say, Senator, that after argument of this question before me, if you will persuade me as a lawyer that you are right about it, I am perfectly willing to so advise my client.

Senator O'CONOR. Mr. Wolf, the committee has no doubt as to the soundness of its position in this particular matter. It must be remembered that he is asked one question, and we are only ruling upon one question at a time.

Mr. WOLF. That is a big question.

Senator O'CONOR. It may far reaching in one respect, but whereas you say that there might be involved in it a number of legal questions, the witness has a perfect right with the very well qualified attorney that he has, and I say it seriously, that he is well represented today—he, of course, can, in any answer that he makes, no matter how extended it might be, avail himself of your good advice as to any questions that may be involved in the statement that he would make if he answered the question.

But we are confronted, of course, with one question, and one question alone, and we do not feel that there is any indication that it would violate any of his constitutional rights to be required to answer it.

I see no purpose in having a running debate with counsel. We at the same time would be very pleased to have from counsel a memorandum, because we are most anxious to avoid any error or anything that would infringe upon the rights of any individual who comes before the committee.

Mr. WOLF. And may I ask that the question by postponed till Monday, when I understand you are in session, during which time I will come here prepared with a legal memorandum and argue the question?

Senator O'CONOR. Well, Mr. Wolf, that unfortunately will not be possible, I am advised—and we have consulted about that particular phase of the matter—because this inquiry must proceed and there is a limited time in which all of the work, not only, of course, the interrogation of this witness, but the completion of all the examinations plus the additional testimony that is going to be taken elsewhere and the completion of the report and recommendation to the Senate which we are under obligations to have completed before March the 31st.

Mr. WOLF. The only reason I am asking for this adjournment is to show you the good faith of the witness. Now, may I put a question to the witness?

Senator O'CONOR. Yes, indeed.

Mr. WOLF. It may save a lot of argument.

Do you in good faith, Mr. Costello, and in good conscience believe and fear that the answer to the question put to you might tend to incriminate you?

Mr. COSTELLO. Yes, sir.

Mr. WOLF. Now, it is for the purpose of establishing to you and convincing you of the good faith of this witness; that is one of the reasons why I want this adjournment; the other is to prepare a memorandum of law, because I feel so right on that question that I am sure that you gentlemen, with an open mind, will give me the opportunity to persuade you otherwise, if I am right.

Senator O'CONOR. Well, Mr. Wolf, we have absolutely no thought in our minds that you are taking any position other than that which you conscientiously believe to be in the best interests of your client, and we commend you for it and believe that you not only have the privilege, but the absolute right and duty to do it, and therefore there is nothing we can say and do which casts any reflection on your judgment or conduct here which is of any reproach. Of course, we would have anticipated that you would have come prepared for it, because this whole line of inquiry is not a novel one, to say the least. As a matter of fact, the previous questions put to the witness in the past have indicated the line of interrogation to be pursued. So that we do know that, well qualified as you are, you must have given thought to it. In other words, you are not taken by surprise—

Mr. WOLF. I am shocked, Mr. Senator.

Senator O'CONOR. You certainly would have reason to believe that this general subject matter would have been touched on, particularly in light of the fact that it was covered in many respects previously.

Mr. WOLF. I would never believe, Senator, that the claim of constitutional immunity to a question of that character would ever be questioned anywhere.

Now, may I ask this—I don't want to delay much further—may I ask whether or not you are basing your decision or your determination

to press that question upon the fact that there has been a waiver by this witness?

Senator O'CONOR. That is one of the questions involved; yes.

Mr. WOLF. That, Senator, you will agree with me, is one of the most complex questions in all constitutional law, and it seems to me that as attorneys of long experience, you can understand how carefully that question has to be discussed, analyzed, and determined.

Senator O'CONOR. Well, we feel, Mr. Wolf, that we have just as much obligation to protect the interests of the witness when he is here under compulsory process as we have to any other citizen of the United States. At the same time, of course, we have a duty to fulfill the assignment given us by the United States Senate; and under those circumstances, and for reasons which need not be elaborated on—because, as I said before, they might very well disclose a number of things which others might read into it, that we have prejudged the matter—which we haven't; we have an open mind. We have no idea what the witness would say if he answered the question. So that there is no prejudgment on any of this, I assure you.

Mr. WOLF. Don't you think, Senator, that there are any other matters that might be involved or that might be inferred, that might be mentioned without prejudicing this witness—that that, of itself, is sufficient to show that the question would create a feeling of incrimination by the witness?

Senator TOBEY. Mr. Counsel, or Mr. Witness—either one, preferably the witness—not being a lawyer, I cannot argue the legal aspect of the case, but we came down as a committee, I as one of the members of the committee, want to ask this: Here is the witness before us. We have a picture to decide. We ask a statement of his financial position, his net worth. I don't think there is any court in the land which would ask that question and would not get an answer.

Now, I would like to ask you how, under heaven's name, a statement by you saying that it was \$250,000, or whatever it is, would incriminate you.

Mr. WOLF. Senator, I must interject an objection, because, and Senator O'Conor knows, the very answer to that question would destroy the very protection which the witness is seeking to get.

Isn't that so, Senator?

Senator O'CONOR. Well, he is, of course, seeking to get it.

Mr. WOLF. That is what I say. But if he were to answer that question, he would be answering the first question.

Do you get what I mean, Senator?

Senator O'CONOR. It is possible.

Senator TOBEY. Possibly I am dumb.

Mr. WOLF. No, no.

Senator TOBEY. All we are asking to know is the man's worth and his assets and liabilities. He has refused to answer because it might incriminate him.

Now, I wonder how it would incriminate him. Give me a hypothetical case.

Mr. WOLF. I will sit down with you, alone, Senator, and discuss this thing with you as man to man and try to show you, without prejudice to my client, without prejudice to your position, and we will try to show you how.

Senator TOBEY. You don't want to answer it now in open hearing?

Mr. WOLF. I cannot. My client now is claiming his privilege, Senator.

Now you want to know on what ground he bases his privilege?

Senator TOBEY. How he feels—and you feel—this would affect his guilt or innocence, or incriminate him, just by giving us a statement of what he is worth and what his liabilities and assets are.

Mr. WOLF. I am afraid, Senator, to go into a long-winded explanation of that, which is what would be required by your question, would be in effect to answer the very question on which he claims his right.

Senator TOBEY. Now, following through the sequence, after Tobey asked that question last February, and you and the witness agreed to do it, and you asked for 2 weeks' time, which was granted——

Mr. WOLF. That's right.

Senator TOBEY. And you took that time to bring it before us, and we expected in good faith you would have it before the 2 weeks, it was not forthcoming.

We now find you are covering up behind the bush or behind the tree. You are now saying since we issued the report, you are not going to give us the statement.

Mr. WOLF. That was more than a bush, Senator. It is maybe a tree.

Senator TOBEY. Maybe so; that is a matter of opinion.

Mr. WOLF. That was more than a bush. To me, that was good reason to let the defendant—you compel me to call him a defendant.

Senator TOBEY. Let me tell you something. We are all defendants before the bar of public opinion, and remember that.

Mr. WOLF. To let this witness realize that the answer to the question might tend to incriminate him.

Now, when the question was first asked him, he was cognizant of the fact that the answer might tend to incriminate him. He was willing to take his chances then. He will not take his chances now, Senator.

Senator O'CONOR. Now, Mr. Wolf, we are not going to prolong the discussion. The committee, as I said before, will welcome from you and give deserved attention to any brief that you might file within the next few days.

Mr. WOLF. I will be glad to.

Senator O'CONOR. And, of course, whatever the committee does—which it doesn't know what it will do until the attitude of the witness is indicated—will have to be passed on by the whole committee, and before this time, of course, your brief would be in hand and given serious consideration.

Now, the question has been asked, and the committee feels it must direct the witness to answer it.

Will you again give the question to the witness?

Mr. HALLEY. The question was, Mr. Costello: What is your net worth?

Mr. COSTELLO. I refuse to answer. It might tend to incriminate me.

Senator O'CONOR. The committee directs that you do answer. And are we to understand——

Mr. WOLF (interposing). I understand that a direction is made and a refusal is made by the witness—I suppose so.

Is that not so, Mr. Costello?

Mr. COSTELLO. Yes.

Senator O'CONOR. All right; next question.

Mr. HALLEY. Before proceeding further, Mr. Chairman, may I offer in evidence two sheets of paper, the first of which is entitled "Preliminary Form for Petition for Naturalization," and then the second of which is a card, an index card, indicating certain information with respect to the naturalization proceedings of Frank Costello.

Senator O'CONOR. It will be marked in evidence and made a part of the record.

(The naturalization form and index card were marked "Committee's Exhibit No. 23, March 13, 1951," and are on file with the committee.)

Mr. WOLF. Mr. Halley, may I get photostats of this?

Senator O'CONOR. Yes. You are entitled to it.

Mr. WOLF. Thank you.

Mr. HALLEY. What was your net income in the year 1944, if you know?

Mr. COSTELLO. Well, offhand, I would not know.

Mr. HALLEY. In what businesses were you in the year 1944?

(No response.)

Mr. HALLEY. Were you then engaged in the Louisiana Mint Co.?

Mr. COSTELLO. In 1944?

Mr. WOLF. Mr. Halley, we haven't our returns here.

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. We have photostats. Don't you have the originals?

Mr. WOLF. I have not. I didn't bring them here. I didn't assume that you were going over precisely the same questions that you asked at the last hearing.

I am not criticizing for that; but I never expected it.

Now, if you would give me, or suggest to the witness what businesses he was in, as appears from his income-tax returns, it might facilitate matters.

Mr. HALLEY. I will agree to that procedure.

Now, Mr. Costello, I have before me certain data from your income-tax returns, and I have at my side photostatic copies of the income-tax returns themselves.

Is it not a fact that in the year 1944 you did file an income-tax return indicating that you received income of \$70,685.33 from the Louisiana Mint Co. in New Orleans, La.?

Mr. COSTELLO. How much?

Mr. HALLEY. \$70,685.33.

Mr. COSTELLO. Well, if my return reads that, that must be it.

Mr. HALLEY. What was the Louisiana Mint Co.?

Mr. COSTELLO. Well, I believe you asked me that question before, Mr. Halley, if I am not mistaken.

It was a mint machine, known as a slot machine.

Mr. HALLEY. Do I take it from your last response that you stand on the testimony you gave the committee at executive session?

Mr. COSTELLO. At the last——

Mr. HALLEY. Yes; when you were here.

Mr. COSTELLO. Yes.

Mr. HALLEY. And have you read the minutes of that testimony before appearing here today?

Mr. COSTELLO. No; I haven't.

Mr. HALLEY. You are not familiar, of the recent past, with your own testimony before this committee?

Mr. COSTELLO. No.

Mr. HALLEY. You have had a copy of it, of course?

Mr. COSTELLO. I believe we have; yes.

Mr. WOLF. I have it.

Mr. COSTELLO. But I haven't read it.

Mr. HALLEY. You made no effort to refresh your recollection on the testimony you previously gave?

Mr. COSTELLO. Well, we will read it.

Mr. HALLEY. We will not read it all right now, Mr. Costello.

The question is whether or not, in the absence of having read it yourself, you are able to state now and here that every answer you gave to every question was the truth and the whole truth.

Mr. WOLF. Now I object to such a general question. It seems to me that that's putting the memory of a man to too rigid a test.

If he is asked the question, if the question is put to him, and his answer is read, it seems to me that that would be the best test.

Senator TOBEY. The question is qualified, and all it asks him is, when he gave the testimony under oath, were those answers the truth, and the whole truth. That is all it is.

Mr. HALLEY. Mr. Chairman, we have had enough dilatory tactics, I believe. That is a perfectly proper question. The witness must remember whether or not he told the truth at the last session. And if there are any questions to which he did not tell the truth, they should stand out in his mind, and he should be able to tell the committee that.

Mr. COSTELLO. What was the question?

Mr. WOLF. Wait a moment.

Senator O'CONNOR. The witness wants the question read to him again. Will you kindly do so?

(The reporter read the previous questions and answers as follows:)

Mr. HALLEY. You made no effort to refresh your recollection of the testimony you previously gave?

Mr. COSTELLO. Well, we will read it.

Mr. HALLEY. We will not read it all right now, Mr. Costello.

The question is whether or not, in the absence of having read it yourself, you are able to state now and here that every answer you gave to every question was the truth and the whole truth.

Senator O'CONNOR. Mr. Wolf, I think that is an eminently proper question. In effect it says, "Do you stand by——"

Mr. WOLF. I have no objection to it. I misunderstood the question.

Senator O'CONNOR. Now, will you answer the question.

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, to go on with your income for 1944, your return apparently shows income only from the Louisiana Mint Co., and income in the amount of \$884 from 79 Wall Street Corp.; is that correct?

Mr. COSTELLO. Yes.

Mr. HALLEY. And those were——

Mr. WOLF. Just a minute. What page are you referring to, please, Mr. Halley?

Mr. HALLEY. I am not reading from the record.

Mr. WOLF. Are you reading from the income-tax return?

Mr. HALLEY. I am reading from some notes that were made from the income-tax return.

Mr. WOLF. I am afraid I must——

Senator O'CONNOR. Mr. Wolf, counsel has advised that he has at his elbow certain records from the witness' income-tax returns, and other

data in connection with them submitted; and he is referring to them as the basis for his question.

Mr. WOLF. May I ask, then, Mr. Halley, can you spare the photostat of the income-tax returns? Those were phostats of the copies that I gave you.

Mr. HALLEY. I will lend you our photostats.

Mr. WOLF. Will you do that, please?

Mr. HALLEY. May we stipulate that I may borrow them back again if we need them?

Mr. WOLF. I only want them for this particular examination. All right, Mr. Halley.

Mr. HALLEY. Our very able staff I find has made three sets of photostats, so that there is a set available for the committee, one for you, and I have a set.

Now, during the year 1944, is it a fact that your income was limited to income from the Louisiana Mint Co. and 79 Wall Street Corp.?

Mr. COSTELLO. Yes; it seems correct.

Mr. HALLEY. Is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. What was 79 Wall Street Corp.?

Mr. COSTELLO. An office building.

Mr. HALLEY. It was a real estate holding corporation which held one office building; is that right?

Mr. COSTELLO. No; it was two or three buildings.

Mr. WOLF. There were two or three parcels that were in one spot.

Mr. HALLEY. One location?

Mr. COSTELLO. One location, one large building plus two or three small taxpayers, sort of a taxpayer.

Mr. HALLEY. And you purchased it all as one parcel?

Mr. COSTELLO. One parcel.

Mr. HALLEY. And sold it in 1950 all as one parcel?

Mr. WOLF. One parcel.

Mr. COSTELLO. Yes.

Mr. HALLEY. What was the Louisiana Mint Co.?

Mr. COSTELLO. What was it?

Mr. HALLEY. Yes.

Mr. COSTELLO. A mint office, slot machines.

Mr. HALLEY. That dealt in slot machines?

Mr. COSTELLO. That's right.

Mr. HALLEY. And I believe that your last income from the Louisiana Mint Co. was in 1946; is that correct?

Mr. WOLF. May I supply the answer?

Mr. HALLEY. Surely.

Mr. WOLF. That seems to be so.

Mr. HALLEY. Were you active in the Louisiana Mint Co. prior to 1947? Were you personally active in the company?

Mr. COSTELLO. No.

Ma. HALLEY. You left it all to Mr. Kastel?

Mr. COSTELLO. That's right.

Mr. HALLEY. I believe you so testified here.

Mr. COSTELLO. I believe I did.

Mr. HALLEY. Was he your agent to handle your financial stake in that company?

Mr. COSTELLO. Well, I wouldn't say that. I had a Mr. Murphy, C. P. A., lawyer, and he had—

Mr. HALLEY. What was his full name?

Mr. COSTELLO. Charles Murphy, and he had power of attorney to look after my interests.

Mr. HALLEY. And he stayed in Louisiana?

Mr. COSTELLO. He lives there, he has an office there and is a native there.

Mr. HALLEY. Now, who were the persons who had any interest, financial interest, in the Louisiana Mint Co.?

Mr. WOLF. Mr. Halley, before you proceed any further, I think the witness' explanation about that name leads to misinterpretation. May I ask him to elaborate?

Mr. HALLEY. Certainly.

Mr. WOLF. In what way did Mr. Murphy help you? What was his work?

Mr. COSTELLO. Well, he was the bookkeeper, and I gave him power of attorney for him to look after my interest, that is, to get my dividends and send it to me and send me statements.

Mr. WOLF. All right.

Mr. HALLEY. Who were the other persons interested in the Louisiana Mint Co.?

Mr. COSTELLO. Well, Phil Kastel—what year is that? See, we have three companies now. I don't want to get this balled up.

Mr. WOLF. Louisiana Mint.

Mr. COSTELLO. What year?

Mr. WOLF. I am referring to the income-tax return. It seems that Louisiana Mint Co. was the concern from which you got the income and made the return in 1946.

Mr. HALLEY. Was it just Phil Kastel and yourself?

Mr. COSTELLO. No, no; you had Fred Rickerford, I believe, and one or two other natives there. I just can't think of the names offhand.

Mr. HALLEY. Who managed the business?

Mr. COSTELLO. My brother-in-law.

Mr. HALLEY. What is his name?

Mr. COSTELLO. Geigerman.

Mr. HALLEY. Geigerman?

Mr. COSTELLO. That's right.

Mr. HALLEY. What is his full name?

Mr. COSTELLO. Dudley Geigerman.

Mr. HALLEY. And what part did Phil Kastel play?

Mr. COSTELLO. Well, he was one of the owners and he had a manager.

Mr. HALLEY. Now, in addition to Louisiana Mint, did you have any other company or companies that dealt in slot machines in New Orleans?

Mr. COSTELLO. In 1947?

Mr. HALLEY. At any time.

Mr. COSTELLO. No, sir.

Mr. HALLEY. When did you first go into the slot-machine business in New Orleans?

Mr. COSTELLO. I believe it was in '35.

Mr. HALLEY. And I believe you testified that Huey Long, then Governor of the State of Louisiana, came to New York and asked you

if you would care to go to New Orleans and go into the slot-machine business; is that correct?

Mr. COSTELLO. Yes; that is correct.

Mr. HALLEY. Where did he see you?

Mr. COSTELLO. At the New Yorker Hotel.

Mr. HALLEY. Did he seek an appointment with you?

Mr. COSTELLO. Well, I had known him previous to that particular time that he asked me.

Mr. HALLEY. How long had you known him?

Mr. COSTELLO. Probably 6 months or a year.

Mr. HALLEY. And had you had any previous business dealings with him?

Mr. COSTELLO. No.

Mr. HALLEY. You had known him socially?

Mr. COSTELLO. That's right.

Mr. HALLEY. And did he phone from Louisiana to ask you to meet him?

Mr. COSTELLO. Well, I wouldn't remember if he phoned me. But I did meet him at the New Yorker.

Mr. HALLEY. An appointment was arranged?

Mr. COSTELLO. Was arranged, yes.

Mr. HALLEY. At the request of Huey Long?

Mr. COSTELLO. That's right.

Mr. HALLEY. And how did he broach the subject?

Mr. COSTELLO. He approached it, he said that he had known that I had a little interest in New York prior to that, and he said that he wanted me to go to Louisiana—that is, to Orleans—and make a survey in order to find out how many locations could be had, because he wanted to put these slot machines there—that is, he wanted me to put them there, and he wanted to pass legislation on it in order to get a revenue for an age pension or something, an old-age pension.

Mr. HALLEY. In other words, the State would tax the profits?

Mr. COSTELLO. That's right.

Mr. HALLEY. And he hoped to get enough——

Mr. COSTELLO. That's right.

Mr. HALLEY. Taxes for that?

Mr. COSTELLO. That's right, a tax.

Mr. HALLEY. And did you go down there and make the survey?

Mr. COSTELLO. I went down there, yes. I didn't make the survey.

Mr. HALLEY. How long——

Mr. COSTELLO. I went down there and left Mr. Kastel there to survey it.

Mr. HALLEY. Up to that time had Mr. Kastel been a resident of Louisiana or New York?

Mr. COSTELLO. No; New York.

Mr. HALLEY. He had lived here in New York?

Mr. COSTELLO. That's right.

Mr. HALLEY. And had he been associated with you?

Mr. COSTELLO. No.

Mr. HALLEY. In no way whatsoever?

Mr. COSTELLO. No, no; just very, very good friends.

Mr. HALLEY. How did you happen to send Mr. Kastel for the Louisiana investigation?

Mr. WOLF. If you don't mind, Mr. Halley, was your question, "Had he been associated"?

Mr. HALLEY. Had he previously been associated with you? That is the question.

Mr. WOLF. Prior to 1935?

Mr. COSTELLO. Yes.

Mr. HALLEY. He had?

Mr. COSTELLO. Yes, that's right, prior to 1935; yes.

Mr. HALLEY. In what business?

Mr. COSTELLO. We had machines here in New York.

Mr. HALLEY. Slot machines?

Mr. COSTELLO. That's right.

Mr. HALLEY. And in any other business?

Mr. COSTELLO. No.

Mr. HALLEY. Just to cover that slot-machine situation in New York, I take it that you and Kastel had a partnership?

Mr. COSTELLO. A partnership, yes.

Mr. HALLEY. And you owned various slot machines?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you placed them in various locations around New York City?

Mr. COSTELLO. That's right.

Mr. HALLEY. How many slot machines did you own at the time you owned the greatest number?

Mr. COSTELLO. Oh, I just don't remember.

Mr. HALLEY. What was the largest number you ever owned?

Mr. COSTELLO. It is 20 years. A few hundred or so, I just owned.

Mr. HALLEY. Could it have been a few thousand?

Mr. COSTELLO. No.

Mr. HALLEY. Could it have been as many as a thousand?

Mr. COSTELLO. No.

Mr. HALLEY. Then you and Mr. Kastel were small operators?

Mr. COSTELLO. Yes.

Mr. HALLEY. When you went to New Orleans, did you become big operators, or were you still small?

Mr. COSTELLO. No. There were thousands and thousands of machines around down there. After we made our set-up, all of the natives had locations.

Mr. HALLEY. And you had nothing to do with any but your own?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. How many machines did you have?

Mr. COSTELLO. We had as high as 600 or so.

Mr. HALLEY. Six hundred or so?

Mr. COSTELLO. I imagine so; that's right.

Mr. HALLEY. Is that the largest number?

Mr. COSTELLO. Yes; more or less. I wouldn't know.

Mr. HALLEY. What percentage of the company did you have?

Mr. COSTELLO. Well, there was different companies there. I had about 20 percent, 22 percent.

Mr. HALLEY. About 20 or 22 percent?

Mr. COSTELLO. That's right.

Mr. HALLEY. About a fifth, you would say?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. About a fifth?

Mr. COSTELLO. Yes.

Mr. HALLEY. And if in any one year you made \$70,000 profit, then the company would have made a profit of about \$350,000?

Mr. COSTELLO. Well, them are figures.

Mr. HALLEY. A year?

Mr. COSTELLO. Yes.

The CHAIRMAN. Senator O'Connor——

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. I would like to ask a question.

Didn't your wife also have an interest in the company?

Mr. COSTELLO. No.

The CHAIRMAN. At one time?

Mr. COSTELLO. No, sir.

Senator TOBEY. Was the use of——

Mr. COSTELLO. Sir, she had an interest in a juke box, not a slot machine.

Mr. WOLF. Later?

Mr. COSTELLO. Yes.

The CHAIRMAN. I see.

Senator TOBEY. Mr. Costello, was the use of slot machines at that time in Louisiana illegal under the State laws?

Mr. COSTELLO. I presume they were, otherwise he would not look to pass legislation.

Senator TOBEY. Well, it was illegal, then?

Mr. COSTELLO. Yes.

Senator TOBEY. So you had one Costello in New York who dealt in these things, and then you had the Governor of Louisiana, putting their heads together to break the State law; is that right?

Mr. COSTELLO. No; that is not right at all.

Senator TOBEY. Where is it wrong, outside of the fact that it was done?

Mr. COSTELLO. Well, if a governor tells me that he wants me to find locations and that he wants that legislation, he is not breaking any law; he is not violating any law.

Senator TOBEY. Well, you put the machines in; didn't you?

Mr. COSTELLO. Then I broke the law. He never broke it.

Senator TOBEY. He said they didn't get extra taxes——

Mr. COSTELLO. I wouldn't call it a conspiracy at all.

Senator TOBEY. Well, you and the Governor together made a survey, and after the survey was made you went, at the request of the Governor, and put the machines in there; didn't you?

Mr. COSTELLO. The Governor didn't make no survey.

Senator TOBEY. He asked you to make a survey; didn't he?

Mr. COSTELLO. That's right. He didn't make it, so I made it.

Senator TOBEY. And he asked you to make the survey, contemplating their use in Louisiana, if it was practical; didn't he?

Mr. COSTELLO. To find out how many locations that was profitable.

Senator TOBEY. And you made the survey?

Mr. COSTELLO. Right.

Senator TOBEY. And you advised him?

Mr. COSTELLO. No; I never had a chance to advise him.

Senator TOBEY. You put them in without any permission from him?

Mr. COSTELLO. I put in some machines there; yes.

Senator TOBEY. The Governor knew you were putting them in there; didn't he?

Mr. COSTELLO. I don't know if he did or not.

Senator TOBEY. Let's be practical men.

Mr. COSTELLO. I am very practical, Senator, because 6 months later, I think——

Senator O'CONOR. Let's avoid any demonstration, please.

Mr. COSTELLO. He passed out, and I hadn't seen him.

Senator TOBEY. So it seems one Governor, Huey Long, Governor of New Hampshire—Louisiana—I love my State, gentlemen—did come to one Costello and ask that a survey be made about putting slot machines in there for the purpose of getting more taxes for old-age pensions, or something, and that one Costello made the survey, and the machines were put in there and they operated for a while at least with the Governor's knowledge and intent and forethought. Therefore, I would state it isn't a stretch of the imagination to say that the Governor of the State and the man before us are both guilty of breaking the law of the State of Louisiana, of which he was Governor. Time will tell; that's all.

Mr. HALLEY. In any event——

Mr. COSTELLO. I want to say this——

Senator O'CONOR. You started to say something, and you can continue.

Mr. COSTELLO. May I continue?

Senator O'CONOR. Yes.

Mr. COSTELLO. I think you misrepresent it, sir, with all due respect to you; that you say that a Governor of Louisiana tried to violate a commercial purpose—which is not. He did, it, just like you have a race track up in New Hampshire, and if you went there and passed legislation, you are doing it practically for the State. You are not doing it for a selfish purpose.

Senator TOBEY. But the law didn't allow the use of slot machines in Louisiana, and the law does allow pari-mutuels in New Hampshire.

Mr. COSTELLO. But they had to pass legislation to allow it.

Senator TOBEY. Sure, they did; but they never legalized the slot machines in Louisiana.

Mr. COSTELLO. Well, they probably would, if he lived.

Senator TOBEY. He didn't live; that's another story.

Mr. HALLEY. Did you personally make this survey?

Mr. COSTELLO. No; I had Mr. Kastel to do it.

Mr. HALLEY. Then you did go down to New Orleans, though, did you?

Mr. COSTELLO. Yes; I been down there.

Mr. HALLEY. You mean when you originally went down to Louisiana to look over the scene?

Mr. COSTELLO. That's right.

Mr. HALLEY. And did you take any active part at all in making the survey?

Mr. COSTELLO. No; I didn't.

Mr. HALLEY. And how long after the survey was made did you begin to put slot machines into New Orleans?

Mr. COSTELLO. Well, probably a month later we started putting machines out.

Mr. HALLEY. I believe you told the committee last time that Mr. Kastel took care of buying the machines; is that right?

Mr. COSTELLO. That he what?

Mr. HALLEY. That Mr. Kastel bought the machines.

Mr. COSTELLO. Yes; he took care of the business.

Mr. HALLEY. That was his end of the business?

Mr. COSTELLO. Yes.

Mr. HALLEY. Did you leave it entirely in his hands?

Mr. COSTELLO. Entirely in his hands.

Mr. HALLEY. You made no effort to tell him what to do?

Mr. COSTELLO. No.

Mr. HALLEY. You made no effort to direct him?

Mr. COSTELLO. No.

Mr. HALLEY. Did you never buy a machine for the company?

Mr. COSTELLO. No; never.

Mr. HALLEY. Either for Louisiana Mint Co., or for any of its predecessors?

Mr. COSTELLO. Never.

Mr. HALLEY. Did you not deal with the people who sold these slot machines?

Mr. COSTELLO. No.

Mr. HALLEY. You had no personal dealings with the people who sold the slot machines?

Mr. COSTELLO. No.

Mr. HALLEY. Did you ever attempt to fix the price that should be paid for a slot machine by the Louisiana Mint Co. or Phil Kastel, or yourself?

Mr. COSTELLO. With my associate, yes. But I, personally, didn't go into the factory and order any machine, or pay for the machines.

Mr. HALLEY. Did you personally negotiate with the people who had the factory?

Mr. COSTELLO. No.

Mr. HALLEY. At no time?

Mr. COSTELLO. Not to my knowledge; no.

Mr. HALLEY. What do you mean when you say you may have negotiated with your associate?

Mr. COSTELLO. I have got to talk it over with my associate, and probably I would suggest a price, and he shouldn't go over a certain price for a machine.

Mr. HALLEY. You would suggest a price he should pay?

Mr. COSTELLO. That's right.

Mr. HALLEY. But it was he who dealt with the company, as you previously testified; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. And not you?

Mr. COSTELLO. That's right.

Mr. HALLEY. Did you never deal with the company?

Mr. COSTELLO. Not that I can remember.

Mr. HALLEY. Well, Senator Kefauver asked you last time—I believe it was Senator Kefauver—what the sources were for the machines.

Mr. WOLF. What page?

Mr. COSTELLO. What?

Mr. HALLEY. The page is 5999.

Mr. WOLF. I am referring to the questions, Mr. Halley. I am bringing the witness' attention to the question.

Mr. HALLEY. Good.

Mr. WOLF. I am also asking him if it is possible that he, himself, had anything to do with the purchase.

Mr. HALLEY. He has already said he didn't.

Mr. WOLF. I want to make sure, now.

Mr. HALLEY. I would like to make sure, too.

Mr. WOLF. I want to test the witness' memory.

Mr. COSTELLO. Well, not that I can remember. It is possible, but not that I can remember.

Mr. HALLEY. As a general practice, who negotiated for the purchase of the machines, you or Kastel?

Mr. COSTELLO. Kastel.

Mr. HALLEY. You say it is possible that you ever did it?

Mr. COSTELLO. It is possible.

Mr. HALLEY. You cannot remember having ever done it?

Mr. COSTELLO. I just couldn't remember; no.

Mr. HALLEY. With whom did you ever negotiate for a machine?

Mr. WOLF. You mean if he did?

Mr. HALLEY. If he did.

Mr. COSTELLO. Well, it might have been with Mills.

Mr. HALLEY. With whom at Mills' did you talk?

Mr. COSTELLO. I know no one there but Fred Mills.

Mr. HALLEY. You know Fred Mills?

Mr. COSTELLO. I knew him; yes.

Mr. HALLEY. When did you first meet Fred Mills?

Mr. COSTELLO. Oh, I knew him from New York here. I met him in New York, probably around 1929, 1930.

Mr. HALLEY. When you were buying machines in New York?

Mr. COSTELLO. In New York.

Mr. HALLEY. And at that time did you personally negotiate with Mills?

Mr. COSTELLO. I won't even say I personally negotiated. I don't remember. I think that Mr. Kastel did.

Mr. HALLEY. You have no present recollection of ever having negotiated for a machine?

Mr. COSTELLO. No.

Mr. HALLEY. Now, when you were asked at the hearing last time, "What are the sources of these machines; who makes them; from whom did you buy them?" what did you mean when you said, "I never bought them from anyone"?

Mr. COSTELLO. Well, I meant that Mr. Kastel did the buying, in other words, from Mills or Jennings, or one of the factories. That's what I meant by it.

Mr. HALLEY. Did you mean that you did not do the buying?

Mr. COSTELLO. My recollection is that I never did do the buying. I might have, but I just don't remember doing it. You go back 20 years.

Mr. HALLEY. Well, let's see if we have to go back 20 years.

Mr. COSTELLO. Well, if you are going back to 1946—

Mr. HALLEY. Go back to 1946 or 1947. Do you remember having bought any machines then?

Mr. COSTELLO. I don't remember; no.

Mr. HALLEY. Do you remember having bought any machines in 1945 or 1944?

Mr. COSTELLO. No. I don't believe I ever negotiated one deal for Louisiana.

Mr. WOLF. Did you buy any individual machines, personally? Individual machines?

Mr. COSTELLO. No, no.

Mr. HALLEY. Did you negotiate any deals for slot machines to the extent that you, rather than Phil Kastel, would be handling that end of the business?

Mr. COSTELLO. Not that I remember.

Mr. HALLEY. You would remember who handled the business would you not?

Mr. COSTELLO. Well, I told you that Mr. Kastel was handling the business.

Mr. HALLEY. And you seem quite definite that it was he and not you who purchased the machines and negotiated for the machines?

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. And you cannot think of any instance when you ever negotiated for the purchases of a machine?

Mr. COSTELLO. Why don't you refresh my memory? I don't know what you are trying to get at. To me, it sounds like a trick question. Just tell me what is it all about, and I will tell you "Yes" or "No."

Mr. HALLEY. I am trying to find out whether you were telling me the truth when you were asked, "From whom did you buy them," and you said, "I never bought them from anyone."

Senator O'CONOR. And you have repeated several times today that, to the best of your recollection, you never, yourself, bought them.

Mr. COSTELLO. That's right.

Senator O'CONOR. That Phil Kastel did the negotiations.

Mr. COSTELLO. He was the business agent.

Senator O'CONOR. And that is your best understanding?

Mr. COSTELLO. That's right.

Mr. HALLEY. To what extent did you have anything to do with the business of the slot-machine company in New Orleans; to what extent did you——

Mr. COSTELLO. No extent at all. I practically had nothing to do with it.

Mr. HALLEY. Did you ever attempt to dictate policies to Mr. Kastel?

Mr. COSTELLO. No. I didn't have to, because I knew he was very capable.

Mr. HALLEY. Did you ever tell him what machines he could buy and what machines he could not buy?

Mr. COSTELLO. No. He used his own judgment.

Mr. HALLEY. Wasn't there any occasion you can think of when you did tell him what he should do and what he should not do about buying slot machines?

Mr. COSTELLO. No. I might have, but I just don't remember.

Mr. HALLEY. Didn't you ever do it in such a way as to indicate that you were really the one who was running that company and not Phil Kastel?

Mr. COSTELLO. Well, now, I wouldn't say that.

Mr. HALLEY. Wasn't he just your agent in New Orleans?

Mr. COSTELLO. He was not. He was an equal partner. He had as much interest as I had.

Mr. HALLEY. Did he have as much to say as you?

Mr. COSTELLO. He had more to say because he was in charge.

Mr. HALLEY. If he wanted to buy some slot machines and you didn't who would have the final say?

Mr. COSTELLO. He would have bought them without even asking me.

Mr. HALLEY. Did you ever give him orders about what machines to buy and what not to buy?

Mr. COSTELLO. No. He could have used his own judgment.

Mr. HALLEY. Did you ever transmit orders to him what machines to buy and what not to buy?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Did you ever assume authority over Phil Kastel in connection with the Louisiana Mint Co.?

Mr. COSTELLO. No.

Mr. HALLEY. Your course of business was that he ran it?

Mr. COSTELLO. He ran it, and I trusted him.

Mr. HALLEY. Then you had the Crescent Music Co.; is that right?

Mr. WOLF. What year now, Mr. Halley?

Mr. HALLEY. Well, what years did you have the Crescent Music Co.?

The CHAIRMAN. Before you leave the Louisiana Mint Co., Mr. Geigerman is your brother-in-law?

Mr. COSTELLO. Correct.

The CHAIRMAN. Did he own the same interest in it that you did?

Mr. COSTELLO. Well, I wouldn't know what the interest was, but he only had an interest, we had several companies there.

The CHAIRMAN. You started in 1936 and you had a company for a while, and then you changed the name, and you changed the name again?

Mr. COSTELLO. That's right. I believe in the first company we had an interest. I would have to look over the records.

The CHAIRMAN. You had a chap named Jimmy Moran?

Mr. COSTELLO. Jimmy Moran.

The CHAIRMAN. Whose real name is—

Mr. COSTELLO. Bracato.

The CHAIRMAN. And he we the fellow who got the locations, wasn't he?

Mr. COSTELLO. Yes; he was a locator.

The CHAIRMAN. And he had an interest in the business?

Mr. COSTELLO. Yes; that's right.

The CHAIRMAN. Was Carlo Marcello in that business, or was in the Beverly Club?

Mr. COSTELLO. I never knew him.

The CHAIRMAN. He was one of your partners in the Beverly Club, wasn't he?

Mr. COSTELLO. I never knew the gentlemen until the Beverly Club opened. That was the first time I met him. I probably met him two, three times in my life.

The CHAIRMAN. You and your company still have a lot of machines; they have been taken over by the police force of New Orleans, though, haven't they, but you still have them in storage?

Mr. COSTELLO. No; we haven't.

The CHAIRMAN. Haven't they been confiscated?

Mr. COSTELLO. They have been confiscated, but we never got them back.

The CHAIRMAN. They still have them. You still claim you own them, do you not?

Mr. COSTELLO. Well, the city has them now.

The CHAIRMAN. But your company is having a lawsuit with the city right now about them?

Mr. COSTELLO. That's right.

The CHAIRMAN. So you are still in this business insofar as the lawsuit is concerned?

Mr. COSTELLO. We are not in business; we are out of business.

The CHAIRMAN. But you still have the lawsuit pending?

Mr. COSTELLO. We have a litigation, a property litigation.

The CHAIRMAN. And you still kept the Louisiana Mint Co. active?

Mr. COSTELLO. No.

The CHAIRMAN. Well, you have a lawsuit pending in the name of the Louisiana Mint Co.?

Mr. COSTELLO. Well, if you call that having the business active, of course, if you have a lawsuit, and the lawsuit takes 15 years before it comes up, and if you think I'm still in the slot-machine business then you are right.

The CHAIRMAN. Suppose you got those 600 slot machines back that they have seized—I think that is the number—they would go to the Louisiana Mint Co., wouldn't they?

Mr. COSTELLO. That's right.

The CHAIRMAN. They would be, I think, 25 percent yours and 24 percent or 20 percent Geigerman's, your brother-in-law's?

Mr. COSTELLO. That's right.

The CHAIRMAN. So you would still have an interest, wouldn't you?

Mr. WOLF. Pardon me, Senator. I think you have the percentages wrong, but the general question is all right. I want the witness to understand, when he is answering the question generally, he is not having in mind the percentages that you are stating.

The CHAIRMAN. Anyway, the percentage he has, 20 or 25 percent.

Mr. WOLF. Whatever it is.

The CHAIRMAN. So you are still in the slot-machine business insofar as the lawsuit is concerned?

Mr. COSTELLO. Well, if you want to call it that.

The CHAIRMAN. You are hoping to get the machines back so you can get some money out of them or use them somewhere else?

Mr. COSTELLO. I am not hoping at all. I don't care if they chop them up and they throw them in the Mississippi River.

The CHAIRMAN. Then my question is—

Mr. COSTELLO. I am retired.

The CHAIRMAN. I say then, why do you prosecute the lawsuit trying to get the machines back?

Mr. COSTELLO. Well, I have associates. If it was up to me, I would run away from it and let Mr. Morrison have them all and put them in his own home.

The CHAIRMAN. Don't you have any influence with your associates in the business?

Mr. COSTELLO. Well, I haven't had a chance to talk it over.

The CHAIRMAN. Well, you have been spending about 40 days or 30 days down there in New Orleans. Couldn't you talk it over?

Mr. COSTELLO. Well, in the early part of the year I thought that it would be all right to get it back. Now I have changed my mind.

The CHAIRMAN. You have changed your mind recently?

Mr. COSTELLO. That's right.

The CHAIRMAN. Mr. Kastel pays your hotel bill; it looks like you could talk it over with him while you are down there.

Mr. COSTELLO. Well, now, he don't pay my hotel bill. I tried to make that clear to you three or four times.

The CHAIRMAN. It is charged to the Beverly Country Club?

Mr. WOLF. May the witness explain that?

The CHAIRMAN. Well, perhaps Mr. Halley is going to get to it later on.

Senator TOBEY. May I ask one question?

Senator O'CONOR. Senator Tobey.

Senator TOBEY. A year ago before the Interstate Commerce Committee of the Senate, of which I was a member, subcommittee, you appeared before us and one of the questions I asked you on page 437 was this:

Did you ever make arrangements with any interests or any officials of the State of Louisiana whereby you obtained franchises or privileges with said officials or interests in Louisiana?

And your answer was "Never."

Is that still your answer?

Mr. COSTELLO. I wish you would read that over.

Senator TOBEY. I would be glad to.

Did you ever make arrangements with any interests or any officials of the State of Louisiana whereby you obtained franchises or privileges with said officials or interests in Louisiana?

Mr. COSTELLO. I don't understand the question.

Senator TOBEY. Well, you answered "Never" to it. That was your answer then. I am asking you, is that a true answer? You must have understood it then to say, "Never."

Mr. COSTELLO. You mean interests with officials of Louisiana?

Senator TOBEY. With said officials or interests in Louisiana, any kind of interests, business or otherwise, social or else.

Senator O'CONOR. As a result of which you got privileges or franchises.

Mr. COSTELLO. No; I never had.

Mr. TOBEY. Now, one question about the Louisiana Mint Co. What does the word "Mint" connote? Does it connote "to mint"; did you make money, or does it connote the fact that in your judgment the slot machines were a veritable mint? What is the application of "mint"?

Mr. COSTELLO. The "mint" denotes that a slot machine, as you call it—we had mints, 5-cent mint bars, in there, and when you insert the coin, you pull the lever, you would get this mint, 5-cent mint bar, like a lifesaver. That's why you call it a mint machine.

Senator TOBEY. That is called a mint? I see.

Mr. COSTELLO. That's right.

Mr. WOLF. I reminded Mr. Costello of the fact that it was a mint, too.

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, Mr. Costello, was it you or Mrs. Costello who had the interest in the Crescent Music Co.?

Mr. COSTELLO. Mrs. Costello.

Mr. HALLEY. Who was her partner in that company?

Mr. COSTELLO. Phil, Phil Kastel.

Mr. HALLEY. Did you exercise any control over that company?

Mr. COSTELLO. No; I had absolutely nothing to do with it.

Mr. HALLEY. You gave no advice at all?

Mr. COSTELLO. It was just a small investment and it was her own.

Mr. HALLEY. What kind of jukeboxes did they handle?

Mr. COSTELLO. Music boxes.

Mr. HALLEY. Wurlitzer?

Mr. COSTELLO. I believe they had all different types.

Mr. HALLEY. I think you testified that they had Wurlitzers.

Mr. COSTELLO. Well, it is possible.

Mr. HALLEY. Weren't they a Wurlitzer agency?

Mr. COSTELLO. Well, I don't know; I don't know. I never was in the place.

Mr. HALLEY. Did you ever talk to Phil Kastel about it?

Mr. COSTELLO. Did I what?

Mr. HALLEY. Did you ever talk to Phil Kastel about it?

Mr. COSTELLO. Yes.

Mr. HALLEY. And did he not ever tell you that they were using Wurlitzer machines?

Mr. COSTELLO. He might have told me that. Yes. What difference did it make if it was Wurlitzer or a different type machine?

Mr. HALLEY. Now, Mr. Costello, what other interests did you have in New Orleans besides the Louisiana Mint Co., of your own?

Mr. COSTELLO. What year?

Mr. HALLEY. In any year.

Mr. COSTELLO. Night club and restaurant.

Mr. HALLEY. You mean the Beverly Country Club?

Mr. COSTELLO. That's right.

Mr. HALLEY. What percentage of the Beverly County Club in New Orleans do you have?

Mr. COSTELLO. 20 percent, I think.

Mr. HALLEY. 20 percent?

Mr. COSTELLO. Yes.

Mr. HALLEY. And who are the other stockholders?

Mr. COSTELLO. I don't know. I just know Phil Kastel and Freddy Rickerford, and then I learned of this Marcello fellow, Carlos Marcello.

Mr. HALLEY. What do you mean, you learned of this Marcello fellow? You know Marcello, don't you?

Mr. COSTELLO. I told you I met him after the club was open.

Mr. HALLEY. When did you first meet Marcello?

Mr. COSTELLO. When the club was open.

Mr. HALLEY. How did you happen to get into business with Marcello?

Mr. COSTELLO. Well, I never got into business with Marcello. I just made an investment, and I had the investment. It was a Rickerford proposition, and then they got associates, and I was not interested in who they got in there. It was all right.

Mr. HALLEY. Marcello has a very long criminal record, hasn't he?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Have you never heard that?

Mr. COSTELLO. Through the newspapers.

Mr. HALLEY. When did you first learn that Marcello had a long criminal record?

Mr. COSTELLO. When you folks was down there in Louisiana.

Mr. HALLEY. You mean to say that prior to that you did not know that Marcella had a criminal record?

Mr. COSTELLO. No. I don't believe I met the gentleman three times in my life.

Mr. HALLEY. Did you not know that Marcello had been convicted for the offense of selling marijuana?

Mr. COSTELLO. No.

Mr. HALLEY. On two occasions?

Mr. COSTELLO. No.

Mr. HALLEY. Did not you know that he had been convicted for robbery, assault?

Mr. COSTELLO. No.

Mr. HALLEY. Those matters had never come to your attention?

Mr. COSTELLO. Never.

Mr. HALLEY. Did you not know his reputation?

Mr. COSTELLO. No; I didn't know.

Mr. HALLEY. In the State of Louisiana?

Mr. COSTELLO. I didn't. I went down there maybe twice a year, for a week.

Mr. HALLEY. Did you know that in addition to those convictions that he had been brought up for a parole violation on one occasion, that he had been arrested on a concealed-weapons charge?

Mr. COSTELLO. No; I never knew anything about the gentleman until I read the newspapers.

Mr. HALLEY. Well, how do you get into business deals with people of that type, without knowing about them, Mr. Costello?

Mr. COSTELLO. Well, maybe I didn't get into a business deal with him. He might have bought it from Rickerford, which is another native there. I don't know. He never bought it from me.

Mr. HALLEY. Well, you have a small closed corporation at the Beverly Club, don't you?

Mr. COSTELLO. Well, right now, Kastel and myself.

Mr. HALLEY. At no time could a stranger walk in and buy into the Beverly Club, could he?

Mr. COSTELLO. Suppose Rickerford had 20 percent and he wanted to sell 10 percent, could you stop him?

Mr. HALLEY. You certainly could stop him, couldn't you, Mr. Costello?

Mr. COSTELLO. Well, maybe I could. When I went down there twice a year—

Mr. HALLEY. Are you still sticking to the story you told in your earlier testimony, that you took no personal interest in the Louisiana matters?

Mr. COSTELLO. Absolutely.

Mr. HALLEY. That you didn't actually control and take an active part in both the slot-machine business and the night-club business?

Mr. COSTELLO. Absolutely.

Mr. HALLEY. You are sticking to your previous testimony?

Mr. COSTELLO. Yes, yes.

Mr. HALLEY. And you say that when you were asked whether you bought those slot machines from anyone, you said you never bought them from anyone, you are not trying to mislead the committee?

Mr. COSTELLO. Not to my knowledge. I am not trying to mislead anyone.

Mr. HALLEY. What is the business of the Beverly Club?

Mr. COSTELLO. Night club and restaurant.

Mr. HALLEY. Is there a gambling casino attached to it?

Mr. COSTELLO. I refuse to answer the question. It might tend to incriminate me.

Mr. HALLEY. This I believe, is the question that was referred to at the end of your closed testimony. It is the \$64 question.

Do you recall that you were asked the same question when you testified in executive session?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you also refused to answer?

Mr. COSTELLO. Yes.

Mr. HALLEY. And do you recall that at that time there was placed in the evidence before the committee the record of your testimony before the United States subcommittee of the Committee on Interstate and Foreign Commerce, before which you appeared during the month of April, I believe?

Senator TOBEY. April and May.

Mr. HALLEY. I will get the precise date.

It was either in the month of April or May 1950; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And I will read from your testimony which is part of the record of this committee—

Mr. WOLF. What page, please?

Mr. HALLEY. I am reading from pages 436 and 437, and I will start near the bottom of page 436.

Mr. WOLF. Well, you have a different page number. You must have the official page.

Mr. O'CONNOR. This is the printed copy from which counsel is reading.

Mr. WOLF. I haven't got that.

Mr. HALLEY. Well, I will read very carefully.

Senator McFarland asked:

What were they?

I would call it a casino.

Q. Where was that?

A. I just do not care to disclose that at present.

Q. You claim your constitutional privilege?

A. That is right.

Q. Are you engaged in any kind—in any of that kind of gambling business at this time?

A. Yes.

Q. Where is that?

A. I stand on my constitutional rights.

Q. What I am leading up to is this pari-mutuel subject. Are any of these gambling establishments with which you are connected in any way connected with the so-called bookmakers or the betting on the tracks?

A. Mr. Senator, it is not those; it is a place.

Q. It is one place?

A. Yes; and they don't deal in horses.

Q. They do not deal in horses?

A. That is right.

Q. How about baseball?

A. No.

Q. Or basketball?

A. No.

Q. Or football?

A. No. Just to make it clear; roulette and dice.

It is not a fact, Mr. Costello, that you volunteered that answer in your testimony before the Senate Subcommittee on Interstate Commerce?

Mr. WOLF. Now gentlemen, if you will read his entire testimony, you will find that Senator McFarland recognized his claim of immunity; that thereafter, they persisted in asking the witness to help them; weren't interested at all in the defendant—in the witness—as an individual but they wanted help from him; and you will see that these questions were intended by the witness to assist the committee in understanding the gambling situation; never intended to disclose or waive the privilege that he had asserted.

Now, I want to read what Senator McFarland said about that—

The CHAIRMAN. Senator O'Connor, it seems to me we have proven so amply about what the Beverly Club is in Louisiana—I don't know whether it is particularly important or not, unless there is some particular point. This is going to take a lot of time to read it.

Senator O'CONOR. It seems undisputed that the Beverly Club is a night club with restaurant attached and there are certain operations involved there.

Mr. WOLF. It seems that that conclusion, Senator, would be inescapable, and therefore it couldn't be \$64 question. It couldn't be a 10-cent question. It's absolutely valueless here.

Mr. HALLEY. It is the only question he refused to answer when he first appeared before the committee.

Mr. WOLF. I am sorry, Mr. Halley, you referred to the \$64 question, I thought you meant it was a question of great magnitude.

Mr. HALLEY. No; it had been referred to that way.

Mr. WOLF. I'm sorry; I see.

Mr. HALLEY. It was the only question he refused to answer.

Mr. WOLF. That's right. And I don't think it should be persisted in, in view of the state of the record.

Mr. HALLEY. For the record, I want the answer to the question, did you not voluntarily state to the Senate Committee on Interstate and Foreign Commerce—and I quote—"No. Just to make it clear: roulette and dice."

Mr. WOLF. Mr. Halley, so that I can advise my client properly, will the answer to that question suffice to establish the fact in your mind that it isn't necessary to pursue the question any further, and I will concede that that is his testimony.

Mr. HALLEY. I want his answer to my question, not your concession.

Senator O'CONOR. Mr. Wolf, we think that is proper. It just called for an affirmative or negative answer.

Mr. WOLF. As to whether he so stated?

Senator O'CONOR. As to whether he so stated. And of course, the record speaks for itself.

Mr. WOLF. So that we will save time, you did so testify?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, Mr. Costello, it is my impression that you have not had any profits from the Beverly Club during the time in which you had an interest in it; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. But you have drawn a salary from it?

Mr. COSTELLO. Yes.

Senator O'CONOR. What is the salary?

Mr. COSTELLO. Well, it was \$1,000 a month.

Mr. WOLF. In 1950.

Mr. COSTELLO. And in 1950, it was raised to \$1,500.

Senator O'CONOR. \$1,500 a month?

Mr. COSTELLO. Yes.

Mr. WOLF. Is that what the statement shows?

Mr. HALLEY. We don't have a return for 1950, so that you will have to tell us what the income was in 1950.

Mr. WOLF. I gave you a statement showing what the income was for 1950, Mr. Halley.

Mr. HALLEY. You read a statement into the record.

Mr. WOLF. And gave you copies of it.

Mr. HALLEY. I don't have it.

Mr. WOLF. I gave you three copies of it, but wait a minute, I might have it here.

Mr. HALLEY. You may be wrong.

Mr. WOLF. I know it was introduced in evidence, as exhibit A, B, C, or D.

Senator O'CONOR. Mr. Wolf.

Mr. WOLF. In exhibit B, which was a statement that we prepared and gave you, showing the estimated gross income for 1950, it appears that the salary from Beverly Country Club for the year 1950 was \$13,500.

Mr. HALLEY. Is that right?

Mr. WOLF. That appears.

I am sorry. The salary is more. That is his income after the deduction of the withholding tax.

The amount that reached Mr. Costello was \$13,500, after the withholding tax was withdrawn.

Mr. HALLEY. Your actual salary was \$18,000 for the year 1950?

Mr. WOLF. Whatever that would be.

Mr. HALLEY. What did you do for that salary, Mr. Costello?

Mr. COSTELLO. Mr. Halley, must we repeat the same thing as I did last time?

Mr. HALLEY. Please.

Mr. COSTELLO. Well, I helped to get different acts, and I solicited some business. In other words, if someone was going to Louisiana, I would recommend a place. I was just a good will man for them. And I would recommend different acts for the club.

Mr. HALLEY. In other words, your recommendations to your friends was worth \$18,000 a year to the Beverly Club?

Mr. COSTELLO. Well, it wasn't just a recommendation. I had to go around and book for acts, also.

Mr. HALLEY. How did you go about looking for acts?

Mr. COSTELLO. Well, if I would hear of a good act, I would go in there, have dinner, and watch it. If I thought it was good, I would call them up and say, "Here is a good act."

Mr. HALLEY. Did you actually sign any contracts?

Mr. COSTELLO. I never signed no contract.

Mr. HALLEY. But you did recommend various acts?

Mr. COSTELLO. That's right.

Mr. HALLEY. What acts did you recommend?

Mr. COSTELLO. Well, Joe Louis, Sophie Tucker, and a lot of big acts.

Mr. HALLEY. Would it take an expert to recommend headliners like that to a night club?

Mr. COSTELLO. Yes—well, I don't consider myself an expert. But a good act can go bad, too. No material, they would go bad. If they have new material, you will recommend it.

Mr. HALLEY. Did you do anything about preparing or reviewing the material of these acts?

Mr. COSTELLO. No. I was just soliciting them. Then, if I would like them, I told them I liked them.

Mr. HALLEY. And for that you got \$18,000 a year?

Mr. COSTELLO. That's right.

Mr. HALLEY. What other income did you have in 1950? I must have misplaced the statement; so that if you have it, I would appreciate your just reading it into the record.

Senator Tobey has given me a photostat of it.

Senator O'CONOR. I was just anxious to ask the witness whether or not, in addition to that limited amount of work, there was anything else that you had to do, or were expected to do, for the compensation of \$18,000 a year from Beverly Country Club?

Mr. COSTELLO. Well, that was anything they asked me, if it was in my power to do. I was at their disposal.

Senator O'CONOR. Did you have anything to do with either the gambling operations or the protection of it, if such protection was afforded?

Mr. COSTELLO. No, no.

The CHAIRMAN. Senator O'Conor, before you leave the Beverly Club also, I thought that it should be brought to Mr. Costello's attention, in case he has overlooked it, that the articles of incorporation for the Beverly Club were signed by Phil Kastel and Carlos Marcello. So that it is not a case of Carlos Marcello buying somebody else's stock. He was in the corporation from the beginning, at the same time you were in at the beginning, on November 30, 1946. And we have photostats of the articles of incorporation. Carlos Marcello was one of the club's registered agents.

It seems unlikely that you should have been in business with him from the very beginning, without knowing a great deal about it, Mr. Costello.

Mr. COSTELLO. I knew nothing about it.

The CHAIRMAN. He has quite a substantial interest in the Beverly Club?

Mr. COSTELLO. I knew nothing about the man at all.

The CHAIRMAN. He and his people also operate the wire service, and quite a number of other operations in southern Louisiana.

Mr. WOLF. Senator, what does his interest appear to be?

The CHAIRMAN. I don't have it here. I think it is either 12½ or 15 percent. It is one or the other.

Mr. COSTELLO. I was under the impression it was 10 percent. But I don't know the gentleman, I never knew of him, and I am under the impression that he was recommended to buy in there, maybe through this Rickerfor fellow, because they were natives.

The CHAIRMAN. You bought the property from Julius Rickerfor?

Mr. COSTELLO. I bought nothing. Mr. Kastel transacted the whole proposition.

The CHAIRMAN. Anyway, you were in from the beginning, and Kastel was your friend and associate?

Mr. COSTELLO. That's right.

The CHAIRMAN. In all of these businesses?

Mr. COSTELLO. That's right.

The CHAIRMAN. In New Orleans?

Mr. COSTELLO. That's right.

The CHAIRMAN. In addition to that, whenever any dividends were paid, you got your pro rata dividend out of the Beverly Club, didn't you, Mr. Costello?

Mr. COSTELLO. That's right.

Mr. HALLEY. Mr. Costello, in 1950, in addition to your salary from the Beverly Club, you received, did you not, \$3,000 in salary from 79 Wall Street?

Mr. COSTELLO. Yes.

Mr. HALLEY. And then that is the year in which you sold the 79 Wall Street Corp.; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. On that there was a net profit of \$119,756; is that right?

Mr. COSTELLO. And 42 cents.

Mr. HALLEY. And 42 cents. That property you had held since 1944?

Mr. COSTELLO. I believe so.

Mr. HALLEY. 1943 or 1944; is that right?

Mr. COSTELLO. I believe so; yes.

Mr. HALLEY. The purchase price of that property was what, do you remember?

Mr. WOLF. Mr. Costello said \$300,000. I think it was \$301,500.

Mr. HALLEY. Don't you remember, Mr. Costello?

Mr. COSTELLO. I believe it was 300.

Mr. HALLEY. \$300,000?

Mr. COSTELLO. Yes.

Mr. HALLEY. This is the only real estate you have held in the last 10 years, is it not; this one parcel?

Mr. COSTELLO. Yes.

Mr. HALLEY. You would not describe yourself as a real estate operator, would you?

Mr. COSTELLO. Well, it is a corporation, and the corporation was for the purpose of operating real estate, buying and selling, and so forth and so on.

Mr. HALLEY. It actually bought one parcel, and held that parcel for 7 years, and then sold it?

Mr. COSTELLO. That's right.

Mr. HALLEY. Does the corporation have any real estate at this time?

Mr. COSTELLO. No.

Mr. HALLEY. Did you personally manage 79 Wall Street? I think you testified that you used a managing company; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. They would simply account to you for the profits; is that correct?

Mr. COSTELLO. That's right.

Mr. HALLEY. And then you referred to certain gambling winnings in 1950, \$26,800; is that right?

Mr. COSTELLO. Right.

Mr. HALLEY. When you last testified, there was some question about whether you had any records of those winnings, and I believe you said you would look for them. Have you found any records of your gambling winnings?

Mr. COSTELLO. To tell you the truth, it slipped my mind. But I can have it for you. I will send it down here in the next day or two for you. I will just call up, I will locate this party, and he will send me a duplicate.

Mr. HALLEY. Thank you. And then the final item is gross income from oil lease ventures, and that is \$5,300; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. So that your total income for 1950, as you estimate it, is \$168,357.23, plus \$4,500 salary from the Beverly Club that does not appear on exhibit 6.

Mr. WOLF. Plus the withholding?

Mr. HALLEY. That's right.

Am I right on that?

Mr. WOLF. That would be correct.

Mr. HALLEY. In other words, the correct figure is \$172,857.23, instead of \$168,000 which appears on the sheet?

Mr. WOLF. That's correct.

Mr. HALLEY. Now, what had been your legitimate businesses in the year 1950, Mr. Costello?

Mr. COSTELLO. In 1950?

Mr. HALLEY. Yes.

Mr. COSTELLO. Well, I practically had nothing in 1950, outside of the building, and a little oil, and that's all.

Mr. HALLEY. You had the 79 Wall Street Building; is that right?

Mr. COSTELLO. Yes; until I disposed of it.

Mr. HALLEY. And, of course, the money you invested in that is money you made out of either slot machines or prohibition violation activities; is that right?

Mr. COSTELLO. Well, I wouldn't know. I am not going to answer that question, where I made that money from.

Mr. HALLEY. Where did you get the money to invest in 79 Wall Street in 1942 or 1943?

Mr. COSTELLO. To invest that money for the building, you mean?

Mr. HALLEY. Yes.

Mr. COSTELLO. Well, it was a surplus; yes.

Mr. HALLEY. Where did you get the surplus?

Mr. COSTELLO. All right, your question was right. From slot machines and so forth; yes.

Mr. HALLEY. How much cash did you actually have to put into 79 Wall Street?

Mr. COSTELLO. Oh, \$50,000, or \$55,000.

Mr. HALLEY. The purchase price was \$300,000, or \$301,000?

Mr. COSTELLO. \$300,000.

Mr. HALLEY. And the sales price was \$400,000; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. When you bought it, it had a \$250,000 mortgage?

Mr. COSTELLO. That's right.

Mr. HALLEY. So \$50,000 cash had to go into it?

Mr. COSTELLO. Yes.

Mr. HALLEY. How much of that \$50,000 did you borrow from Frank Erickson?

Mr. COSTELLO. I believe I borrowed \$25,000.

Mr. WOLF. May I remind—is it perfectly all right?

Mr. HALLEY. Don't you remember, Mr. Costello?

Mr. WOLF. Your question was, Mr. Halley, how much of the money that he borrowed from Mr. Erickson went into that building. You assumed that that was so. Money wasn't borrowed from Mr. Erickson.

Mr. HALLEY. Please let Mr. Costello answer. You may remember at the executive session——

Mr. COSTELLO. I borrowed no money for that specific purpose.

Mr. HALLEY. But you put \$50,000 into 79 Wall Street?

Mr. COSTELLO. That's right.

Mr. HALLEY. And at the same time you borrowed certain moneys from Frank Erickson?

Mr. COSTELLO. But that don't mean to say I had to put it—maybe I had more than \$50,000.

Mr. HALLEY. How much money did you borrow from Frank Erickson in 1943?

Mr. COSTELLO. \$25,000.

Mr. HALLEY. And did you borrow any additional sum from him?

Mr. WOLF. May I intervene, please?

Senator O'CONNOR. For what purpose, Mr. Wolf?

Mr. WOLF. I want to clear up dates in the witness' mind.

It is very obvious to me what Mr. Halley has in mind, and what the witness has in mind. There is a record of loans.

Mr. HALLEY. Before you go further——

Mr. WOLF. Don't let the subject go.

Mr. HALLEY. Before you tell the witness the answer, I want to make a statement.

Mr. WOLF. All right; go ahead.

Mr. HALLEY. At the executive session I made a very determined effort to find out how much Mr. Costello knows about his legitimate enterprises, in view of the fact that they are so few in number; and I think the record should also show whether Mr. Costello has any personal knowledge of his own legitimate businesses, without the need for his counsel to tell him.

Mr. COSTELLO. What is it you want to know, Counselor?

Mr. HALLEY. I want to know how much money you borrowed from Frank Erickson, and when you borrowed it.

Mr. COSTELLO. I borrowed \$25,000.

Mr. HALLEY. In what year?

Mr. COSTELLO. That's right.

Mr. HALLEY. In 1943?

Mr. COSTELLO. I believe—well, I wouldn't remember. It might be in 1943.

Mr. HALLEY. Was it in the same year when you bought the premises at 79 Wall Street?

Mr. COSTELLO. I wouldn't remember.

Mr. HALLEY. For what purpose did you borrow it?

Mr. COSTELLO. Maybe I had a deal in mind.

Mr. HALLEY. What deal did you have in mind?

Mr. COSTELLO. I wouldn't know. You are going back 8 years now, to 1943. I don't know.

Mr. HALLEY. On how many other occasions have you borrowed \$25,000 from Frank Erickson?

Mr. COSTELLO. I believe it was two occasions.

Mr. HALLEY. Two occasions?

Mr. COSTELLO. All told, yes.

Mr. HALLEY. When was the second occasion?

Mr. COSTELLO. I don't know if it was the same year or the following year. I wouldn't remember.

Mr. HALLEY. And that was \$25,000 again?

Mr. COSTELLO. That's right.

Mr. HALLEY. And do you mean to tell us that you cannot remember what you borrowed it for?

Mr. COSTELLO. Well, at the time; no. I thought I was going to do a lot of real-estate business, and I probably wanted it for investment purpose. I didn't want to leave myself short.

Mr. HALLEY. You and Frank Erickson were on pretty good terms, weren't you?

Mr. COSTELLO. Very good terms.

Mr. HALLEY. When you wanted \$25,000, you could get it from him, couldn't you?

Mr. COSTELLO. Without hesitation.

Mr. HALLEY. Then why did you want to get it and hold onto it when you could get it from him without hesitation?

Mr. COSTELLO. In case I am caught short.

Mr. HALLEY. Well, you could get it from him any time you wanted. Why did you want to—

Mr. COSTELLO. Well, why shouldn't I have it? Why shouldn't I get it and have it in my home?

Mr. HALLEY. Well, in 1943, did you have no assets, no liquid assets?

Mr. COSTELLO. Yes, I did.

Mr. HALLEY. What were your liquid assets in 1943?

Mr. COSTELLO. I wouldn't remember.

Mr. HALLEY. Were they in excess of \$100,000?

Mr. COSTELLO. I wouldn't remember.

Mr. HALLEY. Were they in excess of \$50,000?

Mr. COSTELLO. I wouldn't answer the question because I wouldn't remember.

Mr. HALLEY. Well, you have already testified that you put into 79 Wall Street the proceeds from gambling and the liquor business. Now, what proceeds did you have at the time that you purchased the premises 79 Wall Street Corp.?

Mr. COSTELLO. I wouldn't remember.

Mr. HALLEY. Were you worth \$10 on January 1, 1943?

Mr. COSTELLO. Yes.

Mr. HALLEY. Were you worth \$100,000?

Mr. COSTELLO. I wouldn't remember.

Mr. HALLEY. Were you worth \$50,000?

Mr. COSTELLO. I wouldn't remember how much I was worth.

Mr. HALLEY. Did you have any assets in addition to the 79 Wall Street Corp. after you made the purchase?

Mr. COSTELLO. Well, assets in what way? In moneys?

Mr. HALLEY. Cash, securities, real estate?

Mr. COSTELLO. Cash. I had cash.

Mr. HALLEY. How much?

Mr. COSTELLO. I wouldn't remember how much.

Mr. HALLEY. In excess of \$50,000?

Mr. COSTELLO. I wouldn't remember what I had.

Mr. HALLEY. Did you have more than \$10?

Mr. COSTELLO. I know I had over \$50,000 if I put up 50 for a building.

Mr. HALLEY. In fact, you were then receiving a very fine income from the Louisiana Mint Co., were you not?

Mr. COSTELLO. That's right.

Mr. HALLEY. In the neighborhood of 60 or \$70,000 a year?

Mr. COSTELLO. That's right. So I wouldn't remember what I had.

Mr. HALLEY. That does not follow, that you would not remember what you had. I should think you would remember what you had, and I would like, if you can search your memory, to know why you borrowed \$50,000 from Frank Erickson in 1943 and 1944.

Mr. COSTELLO. I might have had something in mind. I was going to make a big investment.

Mr. HALLEY. Well, what did you have in mind?

Mr. COSTELLO. I don't know. This is 8 years ago. I can't go back 8 years and search what I had in my mind.

Mr. HALLEY. Did you have any knowledge of a transaction in which Frank Erickson at that time borrowed, in cash, \$100,000 from Mr. Gallagher of the Pennsylvania Exchange Bank?

Mr. COSTELLO. I never heard of it, not only have knowledge of it.

Mr. HALLEY. Have you heard of the Pennsylvania Exchange Bank?

Mr. COSTELLO. Yes.

Mr. HALLEY. And do you know Mr. Gallagher of that bank?

Mr. COSTELLO. Yes.

Mr. HALLEY. He is the chairman of the board, I believe?

Mr. COSTELLO. That's right.

Mr. HALLEY. How long have you known him?

Mr. COSTELLO. Many years.

Mr. HALLEY. Was he in the liquor business with you?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Was he in the liquor business during prohibition?

Mr. COSTELLO. I wouldn't know; I wouldn't know.

Mr. HALLEY. Where did you first meet him?

Mr. COSTELLO. Around town.

Mr. HALLEY. Who introduced you to him?

Mr. COSTELLO. I couldn't remember.

Mr. HALLEY. And you have seen him often?

Mr. COSTELLO. Yes.

Mr. HALLEY. In the intervening years?

Mr. COSTELLO. Yes; I have seen him at race tracks, theaters, fights—all over.

Mr. HALLEY. Have you ever had any business with him?

Mr. COSTELLO. Never.

Mr. HALLEY. Now, if Mr. Erickson borrowed a hundred thousand dollars in cash from him, did you know about it?

Mr. COSTELLO. No. Why should I know about it?

Mr. HALLEY. Well, you, at or about the same time, borrowed \$50,000 from him; did you not?

Mr. WOLF. When was that, Mr. Halley?

Mr. HALLEY. The loan was in 1943.

Mr. WOLF. May I help you out on this transaction, and perhaps the witness?

Mr. HALLEY. Go ahead.

Mr. WOLF. There were two \$25,000 transactions from Erickson.

Mr. HALLEY. Yes.

Mr. WOLF. One was five or six by check, to help reduce the mortgage of 79 Wall Street Corp.; the other was by cash.

I thought that I gave you the details of both transactions, Mr. Halley, but I will be very glad, if you want, to get the witness to go through the records and get you the records of the check, get you the records of the time the cash loan was made, and give you the records. I will give you the photostats of the note, the payments that were made on it, if you want it, so that we will have a clear picture of it.

Mr. HALLEY. Mr. Costello, is that your recollection, that this \$25,000 was used to reduce the mortgage?

Mr. COSTELLO. Yes.

Mr. HALLEY. Well, you had at that time only one legitimate business, 79 Wall Street; is that right?

I think that is the testimony. I am not trying to trick you into anything.

Did you have any other legitimate business in 1943?

Mr. COSTELLO. No; I don't believe so.

Mr. HALLEY. And you testified that insofar as the Louisiana Mint Co. is concerned, you took no active part in the management at all?

Mr. COSTELLO. That's right.

Mr. HALLEY. And yet you can't remember as important a thing as borrowing \$25,000 from Frank Erickson to reduce the mortgage of 79 Wall Street?

Mr. COSTELLO. Yes.

Mr. WOLF. I didn't get the answer, Mr. Halley. I don't know whether the answer is "Yes" or——

Mr. COSTELLO. No; do I remember?

Mr. WOLF. May I have it repeated?

Senator O'CONOR. Will the stenographer please repeat the question and answer?

(Reporter reads question and answer as follows:)

Q. And yet you can't remember as important a thing as borrowing \$25,000 from Frank Erickson to reduce the mortgage of 79 Wall Street?

A. Yes.

Mr. WOLF. I don't know what that answer is intended for.

Senator O'CONOR. Does the witness want to clarify it in any way?

Mr. WOLF. No, no; I don't know myself whether he intends to say "Yes, he does remember," or he doesn't.

Mr. O'CONOR. It is ambiguous as it is. I thought maybe he wants to—

Mr. COSTELLO. Now that my memory is refreshed; yes. We go back 9 years now—8 years.

Mr. HALLEY. We have talked about this business of yours now on three occasions. This was our third meeting, and it is only this morning that you remember it? Is that right?

Mr. COSTELLO. Well, I don't know when you are going to stop talking about it. How many occasions do you want to talk about it?

Mr. HALLEY. I want to talk about it as often as the committee asks me to.

Mr. COSTELLO. I don't think that's fair.

Mr. HALLEY. Now, Mr. Costello, turning to the year 1949, I see an income from 79 Wall Street; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And is that \$6,000?

Mr. COSTELLO. That's right.

Mr. HALLEY. Was that a salary?

Mr. COSTELLO. Yes.

Mr. HALLEY. And then there is a miscellaneous thing, of \$16,300. I believe you said that was a betting income; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And have you found the details to support that income?

Mr. WOLF. Just a minute.

Mr. COSTELLO. No, no; wait a minute. Just hold it a minute. Yes, counselor.

Mr. HALLEY. Have you found the details to support that \$16,300 miscellaneous income?

Mr. COSTELLO. No.

Mr. HALLEY. Do you have anything that would help the committee determine how you arrived at that income?

Mr. COSTELLO. No. That particular record I haven't got.

Mr. HALLEY. Of course, in 1949 that was a very substantial part of your income; was it not? I believe you showed a net income of \$29,349, after taking a loss on certain oil wells.

Mr. WOLF. Was it gross of about fifty?

Mr. HALLEY. A gross of about 49, less a loss on operating wells of 19. It came down to \$29,349.

Mr. WOLF. I am nodding my head. That's what the return indicates.

Mr. HALLEY. Is that right? Then you had an income in 1949 from George M. Levy, \$15,000. Would you mind telling the committee again what that was for?

Mr. COSTELLO. Mr. Levy engaged me—you want me to go in details about what I told you the last time, Mr. Halley?

Mr. HALLEY. Would you mind? I would appreciate it.

Mr. COSTELLO. You do?

Mr. HALLEY. The committee has been very interested in that transaction.

Mr. COSTELLO. I met Mr. Levy, and Mr. Levy told me that he was having difficulty at the race track, at the Roosevelt Raceway. He

thought that he might lose his franchise, his interest; bookmakers were there, and the racing commission told him that if he didn't clean it up, he might jeopardize his license. He asked me to help him.

I says, "What way can I help you?"

He says, "Can you suggest something?"

I says, "Well, haven't you got a detective agency there?"

He says, "I have."

I says, "Well, if they can't help you, how can I help you?"

He says, "Well, it seems that there's a lot of complaints. I personally don't think there's any more bookmakers there than any other track, but there's a lot of complaints."

I says, "Nothing I can do for you, George."

So he said, "Maybe you can think of something."

I says, "Well, what I can do, George, I can spread the propaganda around that they're hurting you there and you're a nice fellow, and I can tell them that if there's an arrest made, it's going to be very severe. I don't know how much good it's going to do you, but I'll talk about it."

He says, "I wish you would," and I did.

Mr. HALLEY. Where did you talk about it, Mr. Costello?

Mr. COSTELLO. Oh, I talked about it from the second day that he spoke to me about it.

Mr. HALLEY. Where did you talk about it?

Mr. COSTELLO. Oh, in Moore's Restaurant, Gallagher's Restaurant, a hotel, a saloon, as you would call it, any place, or a night club, whenever I had the chance, just in general.

Mr. HALLEY. To whom did you talk about it that you might have thought had any connection with bookmaking at a race track?

Mr. COSTELLO. Anybody who was around at the time.

Mr. HALLEY. When Mr. Levy first came to you, did you tell him that you had no connection whatsoever with bookmakers?

Mr. COSTELLO. Positively. He always knew that.

Mr. HALLEY. Did you ask him why he came to you?

Mr. COSTELLO. Well, I don't know why he come to me, but he came to me anyway.

Mr. HALLEY. Why do you think he came to you?

Mr. COSTELLO. Well, he come to me—he thought maybe I would have a solution of some kind, a suggestion, and I told him I had none.

Mr. HALLEY. But instead, your suggestion was that you would go and pass the word around?

Mr. COSTELLO. That's right, for no monetary reason at all; as a friend.

Mr. HALLEY. Do you think that your passing the word around would have such an influence on bookmakers?

Mr. COSTELLO. I didn't think so, and I still don't think so.

Mr. HALLEY. Did you think that your services were worth a total of \$60,000 over 4 years?

Mr. COSTELLO. Which is \$15,000 a year. No, I didn't think so.

Mr. HALLEY. During the first year when he came to you, I believe it was during the racing meet in August, is that right, or possibly earlier in 1946—

Mr. COSTELLO. Well, I wouldn't remember just the time.

Mr. HALLEY. But it was the summer of 1946?

Mr. COSTELLO. Well, it was prior to the opening of the meet, the middle, or something, I wouldn't know, I wouldn't remember.

Mr. HALLEY. Well, it certainly must have been the first year in which you went to work for him.

Mr. COSTELLO. In 1946.

Mr. HALLEY. You are sure of that?

Mr. COSTELLO. Yes; I believe it was 1946.

Mr. HALLEY. Looking at your own records, what is the first year for which you were paid?

Mr. COSTELLO. I believe it was 1946.

Mr. WOLF. 1946.

Mr. HALLEY. 1946 is right?

Mr. COSTELLO. Well, it was 1946.

Mr. HALLEY. What did you do in 1946 to earn \$15,000?

Mr. COSTELLO. Practically nothing.

Mr. HALLEY. Well, just what did you do, unless it was absolutely nothing?

Mr. COSTELLO. Outside of just talking about it, that bookmakers are going to hurt this man's license and they cannot make enough money there to hurt a man or to take a chance on account of the severe penalty they would get if they got arrested.

Mr. HALLEY. And in what places did you say that?

Mr. COSTELLO. Oh, I just told you before.

Mr. HALLEY. Dinty Moore's?

Mr. COSTELLO. Yes; any place.

Mr. HALLEY. Gallagher's?

Mr. COSTELLO. Yes. Wherever I had an occasion that they would talk, you know, in general.

Mr. HALLEY. What other places, Mr. Costello, did you spread the gospel, in what other restaurant?

Mr. COSTELLO. In other words, do you want me to tell you how many restaurants I go to?

Mr. HALLEY. I want you to tell the committee in how many restaurants you went to people——

Mr. COSTELLO. Half a dozen restaurants.

Mr. HALLEY. And said it would be a bad thing to make book at the Roosevelt Raceway?

Mr. COSTELLO. Maybe a half a dozen restaurants. Criselle's, anywhere, the Waldorf or——

Mr. HALLEY. When you go to the Waldorf there are bookmakers there?

Mr. COSTELLO. The Colony, anywhere where I had dinner, or lunch, or something.

Mr. HALLEY. How many bookmakers have you had dinner, or lunch, at the Colony.

Mr. COSTELLO. I didn't say I had dinner with bookmakers and I didn't say I spoke to bookmakers.

Mr. HALLEY. Well, how would you expect bookmakers to stop operating at a track?

Mr. COSTELLO. I didn't expect nothing, and I didn't expect no money for it.

Mr. HALLEY. You accepted money for it?

Mr. COSTELLO. That was the second year.

Mr. HALLEY. And what did you do in the second year that made your services more valuable?

Mr. COSTELLO. Nothing. I did the same thing I did the first year, and I don't think I did a damn thing.

Mr. HALLEY. That is the answer; you didn't do anything?

Mr. COSTELLO. I don't think I did.

Senator TOBEY. That was an unearned increment?

Mr. COSTELLO. I beg your pardon?

Senator TOBEY. That was an unearned increment, wasn't it?

Mr. COSTELLO. Well, now, the man thought I did a great job, and I don't know why he did. I personally don't think I did, and he insisted upon me taking this money.

Senator O'CONNOR. Is there any further explanation you can give, because it is quite important here. You were engaged at the rate of \$15,000 a year, a member of the bar and an official of the Raceway engaged you and then, after receiving the complaints from the chairman of the commission, as if by magic the complaint vanishes and there is no further complaint. Can you give any explanation of what further you did or what Mr. Levy said you were to do or sought from you information as to what you did?

Mr. COSTELLO. Well, I don't know. I'm under the impression there was no such a thing as bookmakers there of any amount to be frightened.

Senator O'CONNOR. Did you report that to Mr. Levy in the first year? You continued on for 4 years and, according to Mr. Levy, you would have continued on still further had it not been for the fact that the internal revenue raised a question about it.

Mr. COSTELLO. No; the second year Levy said, "I don't know what you did, but your propaganda must have done some good because I got no more complaints," and he said, "I want to reimburse you for it."

I said, "There's no reimbursement. What I did for you I would do for any friend of mine. You are my friend," but he insisted, and so I said, "Well, if you insist, fix it yourself," and he did.

Mr. HALLEY. Well, you said you told him what you did for him you would do for any friend, and what this committee is trying to find out is what you meant when you said, "What I did for you"; what did you do for him?

Mr. COSTELLO. Whatever he thought I did. I'm telling you what I did.

Mr. HALLEY. You thought you did nothing?

Mr. COSTELLO. Well, I didn't think it was helpful, frankly speaking. It might have been, to a certain extent.

Mr. HALLEY. What do you mean, it might have been to a certain extent?

Mr. COSTELLO. Well, maybe somebody around must have taken the advice and says, "Well, you can't make no money there, and, well, I don't suppose you want to get pinched and get a severe sentence in Nassau County," and so on and so forth. I don't know, just through my propaganda.

Mr. HALLEY. Why, that is absurd, Mr. Costello.

Mr. COSTELLO. Well, I don't know what's absurd. It's just no other answer I can give you.

Mr. HALLEY. You mean you can't make any money at the Roosevelt Raceway?

Mr. COSTELLO. Well, don't you understand, Mr. Halley? At the time the harness racing was in its infancy.

Mr. HALLEY. No; this is 1943, 1944——

Mr. WOLF. 1946.

Senator O'CONNOR. 1946.

Mr. HALLEY. They started in 1940 and this is 1946.

Mr. COSTELLO. It wasn't what it is today, anyway.

Mr. HALLEY. And in 1946 you think a bookmaker could not make any money at the harness races?

Mr. COSTELLO. Well, not a real bookmaker. I imagine a man that wanted to gamble big couldn't.

Mr. HALLEY. You mean there was no big money at the harness races?

Mr. COSTELLO. I have been out there. I was out there twice since it is in existence and I like to play when I'm there, and if I thought I was going to bet more than \$20, I would be crazy.

Mr. HALLEY. You don't think there were any big bookmakers at the harness races?

Mr. COSTELLO. No. I wouldn't have thought so; no.

Mr. HALLEY. You never saw any big bookmaker at the harness races?

Mr. COSTELLO. No.

Senator TOBEY. Don't you think the real reason that this bookmaking stopped out there is the magic of the name Costello, and when they heard Costello was against it, the rats all ran to cover?

Mr. COSTELLO. I don't think so, Senator.

Senator TOBEY. Well, they went, didn't they?

Mr. COSTELLO. Well, I don't know if they were ever there.

Mr. HALLEY. Now, it is your position, is it, that you don't believe there were any bookies at the harness races?

Mr. COSTELLO. I don't know. There may have been.

Mr. HALLEY. Well, you say you were there; did you see any?

Mr. COSTELLO. I never seen anybody there.

Mr. HALLEY. And you didn't think there were any? Is that what you just told the committee?

Mr. COSTELLO. I imagine there were the sort of bookies there is at all tracks, not enough to scare them off or them to lose a license.

Mr. HALLEY. Let us see what you told the committee on page 6016, when you were testifying as to your conversations with Mr. Levy, and you told the committee you told him:

Well, if you think I can help, anybody I know I can tell them there should not be any bookmaking at that particular track, especially the Raceway, harness racing. I don't think it's profitable for bookmakers anyway.

Is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Did you know anything about the bookmaking situation at Roosevelt Raceway?

Mr. COSTELLO. No.

Mr. HALLEY. Or at any harness racing track?

Mr. COSTELLO. No.

Mr. HALLEY. Had you ever made any study of the bookmaking situation at the harness racing track?

Mr. COSTELLO. No.

Mr. HALLEY. Prior to this occasion in 1946, had you gone into the question of bookmaking at the harness racing track with Levy?

Mr. COSTELLO. No; not to my knowledge.

Mr. HALLEY. Had he been previously consulting you about what to do about bookies at the Roosevelt Raceway?

Mr. COSTELLO. No.

Mr. HALLEY. This came as a brand-new thing to you; is that right?

Mr. COSTELLO. That's right, to my knowledge; yes. I don't believe we ever spoke on that subject.

Mr. HALLEY. And you asked him who was the police department at that time; is that right?

Mr. COSTELLO. No. I asked him—no, I asked him if he had a police department there.

Mr. HALLEY. You didn't even know whether they had a police department?

Mr. COSTELLO. That's right.

Mr. HALLEY. Did you know whether they had ever had a police department at the harness race tracks run by Levy?

Mr. COSTELLO. Well, I knew they had a police department, but I just didn't know if they had a real organization there. What I meant is, I asked, "Haven't you got a police organization there?"

Mr. HALLEY. Well, Levy has testified that you and he had a fairly close social relationship on the golf course, but not a business relationship; is that correct?

Mr. COSTELLO. That's correct.

Mr. HALLEY. And I believe he testified that he never discussed the business of the Roosevelt raceway with you prior to this occasion in 1946; is that right?

Mr. COSTELLO. That's correct.

Mr. HALLEY. Is that your belief, too?

Mr. COSTELLO. Well, there might have been just a passing word about the racetrack, but nothing that I could even remember that would be tangible.

Mr. HALLEY. Is it your testimony that he never consulted with you prior to 1946?

Mr. COSTELLO. That's right.

Mr. HALLEY. About bookmaking?

Mr. COSTELLO. That's right.

Mr. HALLEY. How about bookmaking when the Roosevelt racing was running at the Yonkers raceway? Did he ever call you up or talk to you about that?

Mr. COSTELLO. I don't know whether he did or not. I wouldn't remember.

Mr. HALLEY. He wouldn't generally; he didn't make a practice of discussing his business with you; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Now, I am wondering whether you might have a recollection, Mr. Costello, of a certain telephone conversation of July 29, 1943, in which George Levy telephoned you at 9:02 a. m. Do you have any recollection of having talked on occasion to George Levy on the telephone in the year 1943?

Mr. COSTELLO. Am I going to remember a telephone call 8 years ago?

Mr. HALLEY. Well, an individual, a specific telephone call?

Mr. COSTELLO. Well, not right at present, I don't.

MR. HALLEY. Didn't Levy make quite a point of calling you up and asking you questions about the Roosevelt raceway?

MR. COSTELLO. No; he don't make it a point in asking questions.

MR. HALLEY. Or the Yonkers operation of his raceway when the raceway was at Yonkers?

MR. COSTELLO. He might have. I don't remember.

MR. HALLEY. Well, I would like to know what this relationship between you and Levy really was. Now, were you—

MR. COSTELLO. Nothing but friendship.

MR. HALLEY. Did he ask your detailed advice on business matters pertaining to his harness racing interests?

MR. COSTELLO. I don't remember.

MR. HALLEY. Let me read you a conversation—and for the record, Mr. Chairman, this is a transcript of a telephone interception which was legally made in the State of New York pursuant to a court order and was transcribed by Police Officers Horton, Hughes, and Shipley.

MR. WOLF. Mr. Halley, was that part of Mr. Hogan's interrogation of Mr. Costello?

MR. HALLEY. No; this is the actual transcript of the interception.

MR. WOLF. I see. But that was a part of his interrogation?

MR. HALLEY. I believe that Mr. Hogan did refer to it.

Now, Mr. Costello, do you remember George Levy calling you and saying, "Hello, Frank, this is George Levy. I tried to get you yesterday. Can you be up there today?" And your saying, "I don't think so." And then Mr. Levy, "Any day you can, give me a ring. Have you got a minute, Frank?"

"N," meaning Costello, "Sure," and then do you remember Mr. Levy saying this, "In Downing's presence we were told not to have Mahoney or Bolger, but had to have Pinkerton. Pinkerton sent us a contract and it is"—I would eliminate two words here for publication—"the blankety-blankety thing I ever saw. You can refuse to let in—they can refuse to let in anybody they choose. John Rogges is all steamed up. Yesterday we had a meeting in Mineola and Downing said he could see no reason for convicting a man without a fair trial. I called Empire City for a conference with O'Brien and asked him if we could get our own agency. O'Brien turned it down. So you see, Frank, all Blakely would have to do is call in the local police and he could stop the meet. We did not think we would open today. We saved this thing by putting in a 24-hour cancellation clause. If we could only get O'Brien to budge an inch. We can't jeopardize the bookmakers. What a blankety-blank bunch of morons." Blankety-blank is substituted for some other word. "They can put off anything. They're just as liable to arrest President Roosevelt's wife as not." And I have made another extirpation.

Now, do you recall Levy calling you up and saying that to you?

MR. COSTELLO. He might have. I don't know. I just don't remember.

MR. HALLEY. Do you recall his saying to you, "As boss, you should be able to tell them the way it stands now. You'd better tell George."

MR. COSTELLO. Will you repeat that?

MR. HALLEY. I'd better give the rest of the conversation so you get it in context.

After he made that long speech to you, you are reported to have said, "I see," and then he said, "It's like holding a gun up against you.

They may have enough pride to step out. I don't want them. If we cancel without the landlords' approval, well, you see, Frank, it's Butler's lease."

And then you said, "If they make any arrests you are subject to a suit," and then the voice on the outside, which is Levy, "As boss, you should be able to tell them. The way it stands now, you better tell George."

And then you are reported here to have said, "O. K."

Then Levy, "As for Pete"—who is Pete? Did you ever recommend anybody for a job at the race track, either Roosevelt or Yonkers raceway?

Mr. COSTELLO. No; not that I can remember.

Mr. HALLEY. When Levy was operating there?

Mr. COSTELLO. I don't believe so, to my recollection.

Mr. HALLEY. Didn't you have a relative named Pete?

Mr. COSTELLO. Oh, well, he is not a relative. Pete Pengatore, is that the name?

Mr. HALLEY. Yes, Pete Pengatore. What is he?

Mr. COSTELLO. Just a friend—probably comes from the same town where I come from, and he calls himself a cousin.

Senator O'CONOR. It has been suggested that it might be convenient to have a short recess. We will have one of 10 minutes.

(Ten-minute recess taken.)

Senator O'CONOR. The hearing will be resumed.

It has been requested, in order to clear up any misunderstanding, that the exact text of the transcription be read again for the information of everyone, of course, the witness and all others.

And it is as follows:

9:02 a. m. (in) George Levy to Frank Costello.

(In) COSTELLO. Hello.

(Out) LEVY. Hello Frank, this is George Levy. I tried to get you yesterday. Can you be up there today?

A. I don't think so.

Q. Any day you can, give me a ring. Have you got a minute, Frank?

A. Sure.

Q. (By Levy.) In Downey's (or Dewey's) presence we were told not to have Mahoney or Wallger (or Ballger) but had to have Pinkerton. Pinkerton sent us a contract, and it is the blankety blank thing you ever saw. They can refuse to let in anyone that they choose.

John Rogus is all steamed up. Yesterday, we had a meeting in Mineola and Downing said he could see no reason for convicting a man without a fair trial. I called Empire City for a conference with O'Brien and asked him if we could get our own agency. O'Brien turned it down. So you see, Frank, all Blakely would have to do is call in the local police and he could stop the meet.

We did not think we would open today. We saved the thing by putting in a 24-hour cancellation clause. If we could only get O'Brien to budge an inch. We can't jeopardize the bookmakers. What a blankety blank bunch of morons. They can put off anyone. They are just so liable to arrest President Roosevelt's wife, as not.

A. I see.

By Mr. LEVY. It's like holding a gun up against you. They may have enough pride to step out. We don't want them. If we cancel them without the landlord's approval—well, you see, Frank, it is in Butler's lease.

(In) By the witness, COSTELLO. If they make any errors you are subject to a suit.

And then the statement by Levy:

As boss, you should be able to tell them—the way it stands now, you better tell George.

That, Mr. Halley, was the end of the quotation that you made.
All right, now, the next question.

Mr. HALLEY. I will read the balance.

By the way, can you identify George from this wire tap?

Mr. COSTELLO. No.

Mr. HALLEY. It, of course, wasn't George Wolf, your attorney here?

Mr. COSTELLO. No.

Mr. HALLEY. Do you know who George was?

Mr. COSTELLO. No.

Mr. HALLEY. Well, let me read the rest before we continue.

Mr. COSTELLO. I just don't even remember that conversation.

Mr. HALLEY. You don't remember it at all?

Mr. COSTELLO. No.

Mr. HALLEY. Let me read the rest, and then we will see. You remembered Pete, this man who called you "cousin"?

Mr. COSTELLO. Pardon me, Mr. Halley; I don't want to overlook this point. And then he refers, his boss. Does he mean I am boss? Does he refer to me as boss?

Mr. HALLEY. You will have to tell me. I was not doing the talking.

Mr. COSTELLO. I don't know. I can answer that if you tell me.

Mr. HALLEY. He said:

As boss, you should be able to tell them. The way it stands now, you better tell George.

Mr. COSTELLO. Well, there is an error there somewhere. I was never a boss; never had any interest.

Mr. HALLEY. Who better tell George?

Mr. COSTELLO. I don't know.

Mr. HALLEY. It must be you. Could he mean George Sherman, the bookie?

Mr. COSTELLO. No; I don't think so.

Mr. HALLEY. You knew George Sherman pretty well?

Mr. COSTELLO. Yes; sure, I know him.

Mr. HALLEY. Was he one of the bookies that couldn't be jeopardized at the track?

Mr. COSTELLO. I don't believe so.

Mr. HALLEY. You used to see him during 1943 quite often, did you not?

Mr. COSTELLO. I used to see; yes.

Mr. HALLEY. Was George Sherman making book at the trotting meets then being held at Yonkers Raceway?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. You remember at the Old Empire City Track?

Mr. COSTELLO. Yes. Not to my knowledge.

Mr. HALLEY. Let me read the rest of it:

"As for Pete—" that is Pete who?

Mr. COSTELLO. Pengatore.

Mr. HALLEY. They called him "Pungy," don't they?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you say he is distantly related to you?

Mr. COSTELLO. No; he is not even related to me.

Mr. HALLEY. But he called you "Cousin"?

Mr. COSTELLO. Well, yes; cousin, uncle, and what not.

Mr. HALLEY. "As for Pete," says Levy, "he does not want to go into the parimutuel department. I will have to create something for him."

Mr. WOLF. Who is saying this?

Mr. HALLEY. This is George Morton Levy. And then Mr. Costello says: "O. K."

Then Mr. Levy said:

I can't play golf Sunday. I ran a pencil into my hand; can't hold a club. Donnegan stood up swell; all three did.

And then Mr. Costello said:

I will probably see you Sunday. We can sit on your front law and cut up your business.

And Mr. Levy said, "Swell, Frank. Bye."

Can you throw any light on your conversation with Mr. Levy?

Mr. COSTELLO. Well, that Pete Pengatore, I have a slight recollection, I believe—of course, you are going back 8 years, that he applied for a job of some sort there, and I imagine that George was to call me and ask me if I knew him, and this Pengatore might have called me and told me he didn't want a mutuel job—whatever was promised him—and I might have relayed it to George: "Yes, I know Pete," and he said he wanted to give him a mutuel job and I said he didn't want a mutuel job.

Mr. HALLEY. Why did he say, "He does not want to go into the pari-mutuel department; I will have to create something for him?" Was he just making a job for your friend Pete?

Mr. COSTELLO. I never asked Mr. Levy for Pete Pengatore. He lives in that part of the country, in Long Island, and he probably knew him himself.

Mr. HALLEY. It doesn't sound that way, Mr. Costello.

Let me read it again:

As for Pete, he does not want to go into the pari-mutuel department. I will have to create something for him.

Then you said, "Okay."

Doesn't that sound to you as though he was trying to make a job for your friend Pete?

Mr. COSTELLO. That's right, yes, it sounds that way.

Mr. HALLEY. You were quite friendly with Pete at that time, were you not?

Mr. COSTELLO. Yes, sure, I know him.

Mr. HALLEY. He would bring up someone that he would refer to as the "Little Judge," "The Little Fellow," frequently to see you?

Mr. COSTELLO. No. I don't know what you mean.

Mr. HALLEY. Did you call anybody "The Little Judge"?

Mr. COSTELLO. "The Little Judge"?

Mr. HALLEY. Yes, or "The Little Fellow"?

Mr. COSTELLO. I don't know.

Mr. HALLEY. Did you ever refer to Judge Savarese as "The Little Judge"?

Mr. COSTELLO. I might have.

Mr. HALLEY. Didn't Pete, from time to time, call you up and tell you he was bringing up the Little Judge?

Mr. COSTELLO. I don't know whether he did or not.

Mr. HALLEY. It is possible?

Mr. COSTELLO. Anything is possible.

Mr. HALLEY. Well, in any event, did Pete get this job with Mr. Levy's raceway?

Mr. COSTELLO. I wouldn't know. I wouldn't remember.

Mr. HALLEY. You don't think you asked for a job for Pete?

Mr. COSTELLO. No; I am almost sure I haven't.

Mr. HALLEY. Well, why would he say to you, "I will have to create something for him"?

Mr. COSTELLO. The chances are he probably knew he was a friend of mine, and he inquired for the job, and he tried to accommodate him.

Mr. HALLEY. Levy was trying pretty hard to do something?

Mr. COSTELLO. Chances are he was.

Mr. HALLEY. Well, you must have had previous conversations, because you said, "As for Pete, he doesn't want to go into the pari-mutuel department." There was no introduction to it. You just opened the subject up that way.

Mr. COSTELLO. Well, we might have had a conversation.

Mr. HALLEY. Might you have asked him to give Pete a job?

Mr. COSTELLO. No, no. He might have said, "Do you know Pete Pengatore?" and I might have said "Yes." "Well, he inquired for a job."

And I might have said, "Well, he is a nice fellow."

And now I meet Pete Pengatore, and he says, "They want to give me a job, and I don't want to get a job in the pari-mutuel department."

Mr. HALLEY. Mr. Costello, is the committee getting your recollection now, or something that you are reconstructing?

Mr. COSTELLO. Part of my recollection.

Mr. HALLEY. Well, what do you recollect, Mr. Costello?

Mr. COSTELLO. Well, I am giving it to you the best way I can.

Mr. HALLEY. Where were you when you talked to Levy about a job for Pete or when he first mentioned it to you?

Mr. COSTELLO. Maybe on a golf course somewhere. I wouldn't remember just where.

Mr. HALLEY. And what did Levy say? Did he mention to you that Pete had applied for a job?

Mr. COSTELLO. I believe he did.

Mr. HALLEY. Pete wouldn't tell you about before he applied?

Mr. COSTELLO. Well, I don't see him that often.

Mr. HALLEY. You were seeing him quite often at this time.

Mr. COSTELLO. Well, how often?

Mr. HALLEY. Well, you know.

Mr. COSTELLO. What do you mean, I know? What do you mean, quite often?

Mr. HALLEY. You were seeing a good bit of Pete, were you not?

Mr. COSTELLO. If you see a man every couple of weeks, is that often?

Mr. HALLEY. You were seeing him at least that often, were you not?

Mr. COSTELLO. I don't know if I did or not.

Mr. HALLEY. And you were hearing from him on the telephone?

Mr. COSTELLO. Sometimes I would not see him for months.

Mr. HALLEY. At this particular period?

Mr. COSTELLO. I don't know that.

Mr. HALLEY. Wouldn't your cousin Pete tell you—

Mr. COSTELLO. I wouldn't repeat that cousin business, because I told you before that he was not a cousin.

Mr. HALLEY. If he just applied at the employment office for a job, Levy certainly wouldn't know about someone who applied for a job at the employment department, would he? Levy said that he was not running the track at that time. He said he was just a stockholder.

Mr. COSTELLO. I can't give you no light on that, Mr. Halley.

Senator O'CONNOR. Having heard the transcription repeated, would you not say that that was an accurate account of the conversation between George Levy and yourself that day?

Mr. COSTELLO. On that Pengatore?

Senator O'CONNOR. No; the whole conversation, as it was read?

Mr. COSTELLO. No; not to me. I don't know. I don't even understand it. It's Greek to me.

Senator TOBEY. What did he mean when he said he would come to your lawn and cut up your business?

Mr. HALLEY. That is what Mr. Costello said.

Senator TOBEY. What did you mean when you said you would cut up your business?

Mr. COSTELLO. Well, that is just a saying. Maybe he would come over and cut up some grief or some touches. You know, just slang.

What business can I cut up a lawn?

Senator TOBEY. A lot of capers have been cut up on lawns.

You must have had something in mind when you said, "I will come up some Sunday and cut up some business." You must have had something on your mind.

Mr. COSTELLO. I don't know. Maybe I wanted to cut up a piece of his steak, or anything. You can cut up anything. You just said "a piece of business up there"—maybe steak. In any kind of talking, when you talk to somebody and say "Let's cut up some conversation, or something," it's slang. No holding a man down to cut up.

Mr. HALLEY. Well, why would Levy call you up and give you this detailed report, in any event? You have testified, and he has testified, that your relationship was purely social. You play dumb together. And then we find this telephone call, which amounts to a detailed report from your lawyer to you about his business.

Mr. COSTELLO. Have you asked Mr. Levy that question?

Mr. HALLEY. I refrained from asking him about this telephone call.

Mr. COSTELLO. Well, if you ask Mr. Levy, maybe he can refresh my memory.

Mr. HALLEY. It seems to me my duty to the committee is to let them hear both his story and yours before opening the subject of the telephone conversation. But now, if you suggest any solution, we would like to have it.

Mr. COSTELLO. I honestly don't remember the details, and it's 8 years old, and I can't remember a telephone conversation. I must have had 4 million of them since.

Mr. HALLEY. Well, now, we are in it because the committee would like to know about this trotting arrangement of Levy's. You were hired, apparently, in 1943, to chase bookies off a track. You were paid \$15,000 a year. But do you remember in 1943 Mr. Levy saying to you, "We can't jeopardize the bookmakers."

Could he have said that to you?

Mr. COSTELLO. I don't remember him saying that to me.

Mr. HALLEY. Would that make any sense to you, if he said that to you?

Mr. COSTELLO. I can't see where it makes sense.

Mr. HALLEY. It doesn't make any sense at all?

Mr. COSTELLO. No.

Mr. HALLEY. Can't you see any point in his wanting to say to you, "We can't jeopardize the bookmakers"?

Mr. COSTELLO. No.

Mr. HALLEY. Could he have any reason for wanting the bookmakers on the trotting track?

Mr. COSTELLO. Well, I wouldn't know what reason he would want them there.

Mr. HALLEY. Could you guess why he would want the bookmakers on the track?

Mr. COSTELLO. Well, I couldn't guess why he would want them there; but I imagine, talking of a racetrack, I still say that bookmakers are essential to a race track, as far as the machine is concerned.

Mr. HALLEY. Now, will you explain that?

Mr. COSTELLO. In other words, if I am a gambler, and I go to a racetrack, and I want to bet \$500 on a race——

Mr. HALLEY. At Roosevelt Raceway?

Mr. COSTELLO. No, I am talking of any racetrack.

Mr. HALLEY. But you just finished telling us that nobody would bet more than \$20 in the trotting race in the early days.

Mr. COSTELLO. Well, then, I can't explain nothing on the Roosevelt track.

Mr. HALLEY. Well, did you think he said that to you—"We can't jeopardize the bookmakers"?

Mr. COSTELLO. Well, I don't remember.

Mr. HALLEY. Is it possible that he said it?

Mr. COSTELLO. Everything is possible.

Mr. HALLEY. Well, did you remember, when you were asked about this particular phase before the grand jury by District Attorney Frank Hogan saying, "He might have spoken on that subject. From a gambling standpoint, if you have a racetrack and have trotting races, your totalizer would not total. That's the reason bookmakers were allowed on the track."

Is that right?

Mr. COSTELLO. That's what I wanted to quote. You wanted my idea——

Mr. HALLEY. That's right. That applies only to big bettors, does it not, and not to little bettors?

Mr. COSTELLO. It all comes under the same heading. I know if you go in Belmont Track and put \$1,000 in the machine, it don't vary. But if you go to a small track and you put \$50 in there, it does—in proportion, in other words.

Mr. HALLEY. Well, let me read to you what you told Mr. Hogan. "For a simple reason that if I am a thousand-dollar bettor and I go to a small track where they don't have a million, and if I am in the mood of betting \$5,000, my 8 to 5 goes down to 3 to 5, and if I give it to the bookmaker he takes care. He is going to hold it and keep my price up; but even if the bookmaker doesn't hold it and throws \$400

to the machine so the machine would have the \$400 benefit; so I imagine all these racetrack owners, they just don't like it."

Mr. COSTELLO. Well, that's my statement.

Mr. HALLEY. But it is not consistent with your testimony here that you didn't think they had bookmakers or bookmaking trouble at the Roosevelt Raceway because in the infancy of trotting there were no bettors of any significance.

Do you remember saying that you didn't think they had anything more than a \$20 bettor there?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you didn't think they had any bookie trouble?

Mr. COSTELLO. That's right.

Mr. HALLEY. But it now appears that they did have bookie trouble; is that right?

Mr. COSTELLO. That they did have bookie trouble?

Mr. HALLEY. Yes.

Mr. COSTELLO. You mean of late—of '46.

Mr. HALLEY. Right back from 1943. They had it because Mr. Levy wanted it, didn't they?

Mr. COSTELLO. Well, I don't know if he wanted it. I don't remember that.

Mr. HALLEY. Well, he said, "We can't jeopardize the bookmakers. What a goddam bunch of morons."

Does that mean anybody who would want to put a bookmaker off the track is a moron?

Mr. COSTELLO. I wouldn't know; I wouldn't know what he meant.

Mr. HALLEY. Would it be what you tried to explain to the grand jury in 1943?

Mr. COSTELLO. I wouldn't know. It's possible; I wouldn't know.

Mr. HALLEY. You see, in the light of that, the 1946 deal just doesn't stand up with the explanation you and Mr. Levy have given it.

Mr. COSTELLO. Of \$15,000, you mean?

Mr. HALLEY. That's right.

Mr. COSTELLO. Well, if you think different, it's ridiculous. I'm telling you the God's honest truth, and there's no other hitch there—no other motive.

Mr. HALLEY. Or, did you and Mr. Levy change your mind about putting the bookmakers off the track?

Mr. COSTELLO. Why should I and Mr. Levy change? I had no business with the Roosevelt Raceway at all. No interest, no financial interest; I'm not a stockholder.

Mr. HALLEY. I think you testified before the grand jury that you had a general recollection of this conversation. You must remember your grand jury testimony of only a few months after the conversation.

Mr. COSTELLO. That's in 1943?

Mr. HALLEY. That's right.

Mr. COSTELLO. That's right—1943.

Mr. HALLEY. But you said even then the conversation didn't mean anything to you.

Mr. COSTELLO. Well, I don't know how to answer that question, Mr. Halley. It's been 8 years ago. It was a different circumstance at the time. I wouldn't go that far back to give you a correct answer.

Mr. HALLEY. At least on the question of whether or not before 1946 you and Mr. Levy discussed the bookmaking problem at the Roosevelt Raceway, are you now willing to change your testimony?

Mr. COSTELLO. The testimony that—

Mr. HALLEY. That you had never advised him concerning bookmakers at Roosevelt Raceway before this occasion in 1946.

Mr. COSTELLO. Well, I don't know. I don't want to change my testimony, although it could have happened. In a casual way. At the golf course, or somewhere, in a restaurant, we might have spoken about it.

Mr. HALLEY. Well, what could have happened? Now, let's try to find out what kind of a relationship you and Levy had about this Roosevelt Raceway.

Mr. COSTELLO. I have no relationship. I think you are just wasting your time trying to pin me down to something that I have no relationship whatsoever—financially, physically, or otherwise.

Mr. HALLEY. Apparently, he was worried about something at 9 o'clock on the morning of July 29, 1943. He called up and said, "Hello, Frank. This is George Levy. I tried to get you yesterday. Can you go up there today?"

Up where?

Mr. COSTELLO. The chances are we had a golf match, or something.

Mr. HALLEY. And you said, "I don't think so."

Mr. COSTELLO. Well, maybe I couldn't make it.

Mr. HALLEY. Then he said, "Have you got a minute, Frank?"

Now, he had this on his mind. You must have been having conversations with him.

Mr. COSTELLO. I don't know whether I had conversations with him or not. I just don't remember.

Mr. HALLEY. You don't remember any course of business with him that would explain why an attorney, whom you both state had no business dealings with you, would call you up and launch into a detailed discussion of his contract problems about the bookmakers?

Mr. COSTELLO. No.

Mr. HALLEY. And have you any information about why he said, "The way it stands now, you better tell George"—and you said "O. K."?

Mr. COSTELLO. I don't know what George has reference to, and I have no recollection.

Mr. HALLEY. Well, did you and he have any relationship or arrangements with George Sherman?

Mr. COSTELLO. No.

Mr. HALLEY. Or with anybody else about their privilege of operating at the track?

Mr. COSTELLO. I couldn't make no arrangements with anyone. I never had an interest.

Mr. HALLEY. Was the bookmaking at the raceway a concession that perhaps certain friends of yours had?

Mr. COSTELLO. No, not to my knowledge. I don't know of any friends of mine that had the concessions there.

Mr. HALLEY. Would that explain why in 1946, when Downing began to complain, it was so easy for you to correct the problem?

Mr. COSTELLO. No, no; that's ridiculous. No.

Mr. HALLEY. Well, what would Mr. Levy mean by "jeopardize the bookmakers"? That's a funny way to put it, isn't it?

Mr. COSTELLO. You ask Mr. Levy, and maybe he can refresh my memory. He might have a better memory than I have.

Mr. HALLEY. What is your recollection of it?

Mr. COSTELLO. I have no recollection at all. I am not going to start speculating. When I tell you that I have no interest in there, I wouldn't lie to you. I never had.

Mr. HALLEY. Now, you have said that in 1946, when he called you up, or saw you, and asked you about the problem of bookmakers, that you asked him what police he had in there.

Mr. COSTELLO. That proves how much interest I had in the race-track, if I didn't know he had police, or what police.

Mr. HALLEY. It would prove if you were telling the truth, Mr. Costello.

Mr. COSTELLO. If I was telling the truth?

Mr. HALLEY. Apparently, if in 1943 he was discussing with you whether you have the Pinkertons or Mahoney or Bolger—

Mr. COSTELLO. He might have spoke; he might have mentioned them, about the Pinkertons, because he had some sort of phobia about them. He didn't like Pinks. The reason why, I don't know.

Mr. HALLEY. He didn't like Pinkertons?

Mr. COSTELLO. Yes.

Mr. HALLEY. Who? George Levy?

Mr. COSTELLO. That's right.

Mr. HALLEY. You want to be sure of that because he testified just the opposite to that here yesterday.

Mr. COSTELLO. He told me he didn't like them, or his company didn't like them, or somebody didn't like them.

Mr. HALLEY. Which one was it?

Mr. COSTELLO. As far as he is concerned himself, I wouldn't know. He was expressing the thought, I imagine.

Mr. HALLEY. From this phone conversation it would look as though he himself didn't like them, wouldn't it?

Mr. COSTELLO. Well, not exactly.

Mr. HALLEY. Well, he said, "They may have enough pride to step out. We don't want them." That is the Pinkertons?

Mr. COSTELLO. He says, "We don't want them?"

Mr. HALLEY. Yes.

Mr. COSTELLO. It means the company didn't want them.

Mr. HALLEY. That's right, and this whole conversation was because the Pinkertons—

Mr. COSTELLO. It means that his company didn't want them.

Mr. HALLEY. His phone conversation was because the Pinkertons wanted to do a job and wanted a contract so that they could throw out anybody they wanted to from the track?

Mr. COSTELLO. I couldn't give you no light on that conversation, Mr. Halley.

Mr. HALLEY. He talked in great detail about a lot of names. You must have been very familiar with the business of the Empire operation and the Roosevelt Raceway. He mentioned Downing, Mahoney, Wallger, Pinkerton, Rogges, O'Brien, Blakeley—all in one long breath.

Mr. COSTELLO. There isn't one name that you have mentioned that I know or ever met. When you say "Blakeley"—

Mr. HALLEY. Well, as to meeting them, had you been sitting out on George Morton Levy's lawn cutting up his business and discussing these names mentioned at length before?

Mr. COSTELLO. Not to my knowledge; no.

Mr. HALLEY. What does it mean to you when you tell somebody you are going to sit on his lawn and cut up his business?

Mr. COSTELLO. I don't know if I said that. If I did, I don't know; it may be just an expression, just talk.

Mr. HALLEY. You were joking?

Mr. COSTELLO. Yes; something on that order.

Senator TOBEY. Mr. Halley, may I point out that this whole conversation which came, as you say, from Mr. Levy, in the fourth paragraph he says, "We cannot jeopardize the bookmakers," and yet, as I understood the testimony yesterday and the testimony of the witness today, he received \$60,000 to put the bookies out of business. Is that consistent? In one case they can't jeopardize them, and yet he paid this man \$60,000 to put them out of business. What do you say, Mr. Witness, to that?

Mr. COSTELLO. I really don't know how to answer that question.

Senator TOBEY. I can't answer it, either. It seems a direct contradiction, that is all, in import. Well, you were paid \$60,000, weren't you, \$15,000 a year; is that right?

Mr. COSTELLO. That's right.

Senator TOBEY. And you didn't ask for it; he thrust it upon you; is that right?

Mr. COSTELLO. That's right.

Senator TOBEY. You never asked him for any money for this work, did you? You never asked him for any money for this job, did you?

Mr. COSTELLO. No; that was his suggestion.

Senator TOBEY. His suggestion?

Mr. COSTELLO. To pay me and continue——

The CHAIRMAN. Didn't Mr. Levy testify that, as to the last payment, that he saw you or you saw him in Florida, and that you asked him for \$15,000 at that time?

Mr. COSTELLO. Well, he has already established now where he is paying me. I am talking from 1946, when we first conversed on the subject.

The CHAIRMAN. Well, you did go so you sort of liked to get the payment, didn't you?

Mr. COSTELLO. No. If I asked for it in Florida, chances are that I might have been going to Hot Springs or somewhere. I might have needed to take some cash with me, or something, and he might have been down there.

The CHAIRMAN. If you didn't think you were earning anything, why did you ask him for the \$15,000 in Florida?

Mr. COSTELLO. Well, I said that time and time again, that he insisted upon paying me.

The CHAIRMAN. Apparently he wasn't insisting on——

Mr. COSTELLO. Because he thought I was doing a job for him, and I am honest enough to say that I didn't think I did a job for him.

Senator TOBEY. But you did take \$60,000 for doing nothing?

Mr. COSTELLO. That's right; I did.

Senator TOBEY. Isn't that kind of synonymous with taking candy from a child?

Mr. COSTELLO. No. I know a lot of lawyers that get a \$50,000 fee that's only worth \$1,500.

Senator TOBEY. We aren't talking about lawyers.

Mr. COSTELLO. Then why talk about me?

Senator TOBEY. We weren't talking about lawyers; we are talking about Costello.

Mr. COSTELLO. I want to meet the man that would turn down \$60,000.

Senator TOBEY. Even if he hadn't done anything for value received?

Mr. COSTELLO. And if the person thought that he did a lot of good for him and he insisted. Well, I like to meet that man. It's possible there is, you know, Senator, but very far and few.

Mr. HALLEY. Now, Mr. Costello, you remember when you testified about a year before the Senate subcommittee of the Committee on Interstate and Foreign Commerce, you were asked the following question on page 437.

Mr. WOLF. I haven't the record, Mr. Halley.

Mr. HALLEY. By Senator McFarland:

As I understand it, you wish to testify that at this time you have had no connection, you have no connection with so-called bookmakers who receive or make wagers on horse races or baseball or basketball?

Answer. That's just what I want to testify to.

Question. How long has it been since you have had a connection? Did you say 15 years?

Answer. Fifteen years or more.

Now, Mr. Costello, did you make those answers to those questions as I have read them?

Mr. COSTELLO. I believe I did.

Mr. HALLEY. Do you think you were being frank and honest with the Senate Committee on Interstate and Foreign Commerce when he asked those questions and you made those answers?

Mr. COSTELLO. That I wasn't a bookmaker or a betting commissioner for 15 years?

Mr. HALLEY. Now, Mr. Costello, you went down to Washington somewhat in the status of an expert witness to tell the Senate how you thought legislation should be written to cope with gambling, did you not?

Mr. WOLF. What was the question, Mr. Halley?

Senator O'CONNOR. Will the reporter please read the question?

(The last question was read.)

Mr. WOLF. Mr. Halley, Mr. Costello was requested to go down to Washington to testify. There was no status about his position. He went down as a witness.

Mr. HALLEY. Didn't you make quite a point that he refused service of a subpoena and wanted to testify voluntarily?

Mr. WOLF. He was requested to come down, and he went down voluntarily.

Mr. HALLEY. He didn't want to be a subpoenaed witness; is that right?

Mr. WOLF. It wasn't a question of wanting to be a subpoenaed witness. There was no attempt to serve him with a subpoena. They called me up and wanted to know if Mr. Costello would testify. I got in touch with Mr. Costello, and Mr. Costello told me that he would be glad to testify. He went there and submitted to questioning.

Mr. HALLEY. And didn't he purport to be stating his expert views on how to handle gambling?

Mr. WOLF. No.

Mr. HALLEY. The gambling problem?

Mr. WOLF. No. The committee sought to get information from him, stating that they would like to get his opinions, and he answered the questions.

Mr. COSTELLO. I have answered that I didn't think I qualified.

Mr. WOLF. He took a position that he wasn't qualified.

Mr. COSTELLO. I think Senator Tobey was there. He should remember that particular question.

Mr. HALLEY. Don't you think, from your testimony about the laws about raceways, that you qualify very well, that there were some things you might very well have told the Senate committee had you gone down there in a frank and cooperative spirit?

Mr. WOLF. I object, Mr. Chairman. Now, there isn't a question that was asked at that hearing that would elicit any information about the Roosevelt Raceway or the transaction with Mr. Levy by the widest stretch of imagination. I submit that we be fair about that.

Mr. HALLEY. May we have an answer to the question?

May we have the answer to the question that is before the committee?

Senator O'CONNOR. Do you understand the question?

Mr. COSTELLO. Repeat the question.

Senator O'CONNOR. Will you kindly read the question to the witness? (The reporter read the question as follows:)

Don't you think, from your testimony about the Roosevelt Raceway, that you qualify very well, that there were some things you might well have told the Senate committee had you gone down there in a frank and cooperative spirit?

Mr. COSTELLO. No.

Mr. HALLEY. Don't you think the Senate Committee on Interstate Commerce, after they had told you they were trying to work out ways to cope with the bookmaking problem, would have wanted to know about the problems of the Roosevelt Raceway, both in 1943, when the Pinkertons were threatening to jeopardize the bookies, and in 1946, when the State racing commission was threatening to jeopardize the track's license because of the bookies?

Mr. COSTELLO. And what did I do to qualify to give them any information?

Mr. HALLEY. You seem to be qualified.

Mr. COSTELLO. How do I qualify?

Mr. HALLEY. To give advice to Mr. George Morton Levy, the head of the Roosevelt Raceway. Did you tell the Senator that your advice on the subject had been sought by the operating head of a great raceway?

Mr. COSTELLO. I don't know if the question was asked me.

Mr. HALLEY. You modestly volunteered that you didn't qualify to give any help about bookmaking.

Mr. COSTELLO. And I still don't qualify.

Mr. HALLEY. Certainly Mr. George Morton Levy's recurrent confidence in you, that is completely unwarranted?

Mr. COSTELLO. That is not qualified. If I start propaganda that it is a hotbed to go in and play, a book into a race track, does that make me—how do I qualify ruining a race track?

Mr. HALLEY. The Senator asked you, and I quote:

As I understand it, you wish to testify that at this time you have no connection with the so-called bookmakers who receive or make wagers on horse races or baseball or basketball?

Mr. COSTELLO. Well, if you have reference, in 1950, that I bet on football—is that the reference you have?

Mr. HALLEY. No. I have reference to the fact that you had a very intimate connection with the bookmaking problem at Roosevelt Raceway, and you had apparently had a sufficient connection with bookies to go out and stop the bookmaking at the Roosevelt Raceway.

Mr. WOLF. Mr. Halley. You—

Mr. COSTELLO. That's what you think.

Mr. HALLEY. That is what George Morton Levy thought.

Mr. COSTELLO. I can't help what you or Levy thinks.

Mr. HALLEY. And you took money for it?

Mr. COSTELLO. Certainly. And I told you, under the circumstances, I have taken that money, and you would have taken it yourself.

Mr. HALLEY. And don't you—oh, no; I wouldn't have. Let's get that straight.

Mr. COSTELLO. I don't know about that.

Mr. HALLEY. You talk for yourself, and I will talk for myself.

Mr. COSTELLO. You are trying to talk for me. You are trying to put in my mind things that I qualify. How do I qualify?

Mr. HALLEY. We won't argue. I just want to know whether you, in your own opinion, think you were being frank with the Senate committee when you said that you had not had any connection with bookmakers in 1950, or the last 15 years or more.

Mr. COSTELLO. Absolutely frank.

Mr. HALLEY. And it was not only bookmakers, but bookmakers who receive or make wagers on horse races.

Mr. COSTELLO. Absolutely.

Mr. HALLEY. And that squares in your opinion with the testimony that you have just given this committee?

Mr. COSTELLO. Yes.

Mr. WOLF. May I state that I am quite sure that Mr. Costello, in making the comment that Mr. Halley would have, under the same circumstances, taken the money too, didn't intend to imply any—didn't intend to reflect on Mr. Halley. I think that he was trying to give an illustration. He was trying to illustrate the fact that under certain circumstances, why money would be taken by—

Senator TOBEY. That is just tu quoque.

Mr. WOLF. Yes.

Mr. HALLEY. Now, I would like to ask you a few questions at this point about the slot-machine business in New Orleans, Mr. Costello.

Did Kastel make a practice of calling you and asking your advice about the slot machines?

Mr. COSTELLO. Well, he would call me, call me quite often, yes.

Mr. HALLEY. You had frequent conversations with Kastel; is that right?

Mr. COSTELLO. He called me, he called me, yes.

Mr. HALLEY. And did you, on occasion, tell him how to handle matters?

Mr. COSTELLO. How to what?

Mr. HALLEY. How to handle matters? Where to buy machines or not to buy machines?

Mr. COSTELLO. Well, I might have said, if he has got a surplus of a certain amount of moneys, that if he could buy more machines, or something of that order—or not to buy, that is. I might have. I don't remember any such conversations.

Mr. HALLEY. But that is possible?

Mr. COSTELLO. That is possible.

Mr. HALLEY. And do you recall ever telling him that you had established a price of \$175 on a machine?

Mr. COSTELLO. No.

Mr. HALLEY. Or on as many as 30 machines?

Mr. COSTELLO. I don't remember that conversation.

Mr. HALLEY. Are there any drug stores in New Orleans called the Tope, or Topey Drug Stores?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Did you ever take it upon yourself to go out and buy or negotiate for 30 machines?

Mr. COSTELLO. No.

Mr. HALLEY. Did you ever have a conversation with Kastel that sounded like this—well, we had better start at the beginning.

You called Kastel on June 3, 1943, at 8:14 a. m., and you said, "Hello, Phil, what's new?"

And Kastel said, "Barbara left last night. She will be home to-night."

And you said, "I see."

Kastel: "I sent the statements and the license. You should get them today."

What could he mean by "statements and license" at that time, do you know?

Mr. COSTELLO. No; I wouldn't know.

Mr. HALLEY. At that time you had this other man handling your affairs, you say, Murphy?

Mr. COSTELLO. Murphy.

Mr. HALLEY. So that if you were getting statements, you should be getting them from Murphy, rather than Kastel?

Mr. COSTELLO. You said that Kastel said to me he sent statements?

Mr. HALLEY. He said, "I sent statements and the license. You should get them today."

Mr. COSTELLO. I wouldn't know. I don't know. I don't know about a license.

Mr. HALLEY. Then you said this, and this is what I would like you to explain, if you can—"On the stuff Paul has, don't touch it."

Who was Paul, do you know?

Mr. COSTELLO. No.

Mr. HALLEY. Did he sell slot machines?

Mr. COSTELLO. I don't know of any Paul sell slot machines.

Mr. HALLEY. You never heard of a Paul who sold slot machines?

Mr. COSTELLO. I don't believe I have; no.

Mr. HALLEY. Then you said, "I have established \$175. That's the price."

Could you have established the price of \$175 for slot machines that Paul had?

Mr. COSTELLO. No.

Mr. HALLEY. The next thing is Phil Kastel saying, "O. K., it hurts our business. If I had the 30 machines in the Tope Drug Stores."

Mr. COSTELLO. No. It might be that they were looking to buy some machines. Phil might have been looking to buy some machines, and maybe somebody said he had 25 or 30, and I might have asked how much, and established a price of \$175, for him to pay \$175 apiece for them—but that is possible.

Mr. HALLEY. That is possible.

Mr. COSTELLO. That is possible.

Mr. HALLEY. And after you established the price of \$175, you would call up Kastel and say, "Don't touch it"?

Mr. COSTELLO. No——

Mr. HALLEY. Let me read it to you:

On the stuff Paul has, don't touch it. I have established the price of \$175. That is the price.

Mr. COSTELLO. I don't remember the conversation, but I imagine it might be that he shouldn't pay more than \$175 per machine.

Mr. WOLF. I have asked Mr. Costello what the price was. I wanted to get something——

Mr. COSTELLO. Was that during the war?

Mr. WOLF. 1943.

Mr. COSTELLO. Well, they weren't manufacturing machines then. They were even selling second-hand ones for \$175.

Mr. HALLEY. You say they weren't manufacturing machines; and they were selling second-hand ones for \$175?

Mr. COSTELLO. That's right.

Mr. HALLEY. That was the highest price you felt——

Mr. COSTELLO. Yes. I imagine that would be the conversation.

Mr. HALLEY. Well, why would you be the one who established the price, and then tell him not to touch it, if he was running the business?

Mr. COSTELLO. I wouldn't establish the price. I would establish the price for that individual, whoever it was, and for him not to pay over \$175.

Senator TOBEY. You were the boss in the matter, weren't you?

Mr. COSTELLO. I am the associate, the partner.

Senator TOBEY. You were boss, the tops, weren't you?

Mr. COSTELLO. I wasn't the tops.

Senator TOBEY. Well, what you said was law. You were telling, not asking them, were you not?

Mr. COSTELLO. Senator, if an associate of mine can't consult me and I can't consult him on a price——

Senator TOBEY. But you told him \$175, didn't you?

Mr. COSTELLO. Senator, there is many times that he told me \$125—and then he is the bigger boss?

Senator TOBEY. In the transcript of the conversation, between Levy and you, the transcript read a while ago, Levy said, "As boss, you should be able to tell them."

Mr. COSTELLO. That is ridiculous, Senator. I am sorry to say that.

Senator TOBEY. You get the credit both ways.

Mr. COSTELLO. That is ridiculous. I am under oath, and I am sorry I even made that remark, and I shouldn't.

Mr. HALLEY. Mr. Costello, he said, "O. K. It hurts our business. If I had the 30 machines in the Tope Drug Stores," but apparently, even though it hurt his business, he was willing to abide by your judgment; is that correct?

Mr. COSTELLO. Well, I don't know. It's 8 years ago, and I don't know the conversation.

Mr. HALLEY. Well, were you the boss?

Mr. COSTELLO. I was a 20-percent boss.

Mr. HALLEY. Well, who was establishing the price on the slot machines?

Mr. COSTELLO. I thought I tried to explain that. Now it's getting to be ridiculous. How do you want me to explain it, your way?

Mr. HALLEY. You explain it any way you want.

Mr. COSTELLO. I did. I did half a dozen times. I told you what might have happened.

Machines were scarce, and they were buying even second-hand ones and paying a premium on them.

Someone might have—I am not even sure—that had 30 for sale, and I knew that he was probably getting \$200, and I told this fellow \$175, and I might have called Phil and said I established a price of \$175 for these 30 machines, and now you are going to make me a price established all over the United States.

Mr. HALLEY. I am interested, Mr. Costello, in whether you were trying to deceive this committee when, on February 15, you were asked, "From whom did you buy them," referring to the slot machines, and you said:

I never bought them from anyone. Mr. Kastel bought them from Mills, Jennings, and several companies—

and went on at page 5998, on the same day, and you said:

Yes; I went down there with Kastel to survey it. I didn't survey it, but I went down there with Mr. Kastel to survey it, and from that day on, I left it in his hands.

Now, what I am trying to find out—and I will put it in the form of a question, Mr. Costello, is this: Were you attempting to deceive this committee?

Mr. COSTELLO. No; I had no intention. I got a lot of respect for this committee.

Mr. HALLEY. The committee has only two ways of getting information, Mr. Costello. One is by asking you questions and the other is by picking up scraps of documentary evidence wherever its investigators can.

The documentary evidence that we are able to find does not jibe with your answers.

Mr. COSTELLO. Well, I can't help that. That don't make me a liar.

Mr. WOLF. Well, will you refer to any documentary evidence that contradicts his testimony?

Mr. HALLEY. I will refer to them all, yes. I am looking forward to it.

The CHAIRMAN. Senator O'Connor.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. Before we leave New Orleans. I think you didn't tell us, Mr. Costello, that the Lansky boys were also your partners down there; weren't they? Jake Lansky and the Louisiana Mint Co.?

Mr. COSTELLO. Jake Lansky.

The CHAIRMAN. And Meyer Lansky, in the Beverly Club?

Mr. COSTELLO. Yes.

The CHAIRMAN. Did you have an interest with them in any of the operations in Florida?

Mr. COSTELLO. No.

The CHAIRMAN. Never at any time?

Mr. COSTELLO. No.

The CHAIRMAN. Or lend them any money for the operations?

Mr. COSTELLO. No.

The CHAIRMAN. Mr. Erickson was with them in the operations in Florida, I believe?

Mr. COSTELLO. That I would not know.

Mr. HALLEY. The question was, Mr. Costello, whether or not you were telling the committee the truth when you said that you went down there with Mr. Kastel to survey it. You said:

I didn't survey it, but I went down there with Mr. Kastel to survey it, and from that day on I left it in his hands.

Now, do you still maintain that you were telling the committee the truth and the whole truth?

Mr. COSTELLO. Yes.

Mr. HALLEY. Let me read you another telephone conversation between you and Mr. Kastel. This is at 8:45 a. m. on June 15, 1943. You called him at the Hotel Roosevelt, in New Orleans. Is that where he lived?

Mr. COSTELLO. Yes.

Mr. HALLEY. He said, "Hello," and you said, "Hello. Did I wake up up?"

Kastel said, "No, Frank."

And you said, "What's new?"

Kastel: "Everything is all right. No more on the equipment."

Then you say, "You will have to forget it. This fellow bought for a certain price, and we can't give that price."

Kastel: "I can use it."

You say, "Yes; but not at that price."

Then Kastel says, "I will forget it then?"

And you say, "Yes; forget it."

Now, who was running the slot-machine business, you or Kastel, Mr. Costello?

Mr. COSTELLO. Kastel was running it.

Mr. HALLEY. Did you have this conversation I have just read?

Mr. COSTELLO. I might have. As an associate, I might have given him some advice and told him he should not touch it, meaning that I was not for it, and he might have went along with it.

Mr. HALLEY. Well, this does not read to you like a man asking your advice; does it?

Mr. COSTELLO. Yes; it does.

Mr. HALLEY. Well, let us see. He said, "Everything is all right. No more on the equipment."

Then you said, "You will have to forget it. This fellow bought for a certain price, and we can't give that price."

He said, "I could use it."

Then you said, "Yes; but not at that price."

He said, "I will forget it then?"

And you said, "Yes; forget it."

Now, does that sound like advice or an order?

Mr. COSTELLO. I don't know. You can take it any way you want to, Mr. Halley, but the chances are many times he spoke that way to me in business; we were that close.

I don't know what you are trying to establish about being a boss, a big boss or a small boss. I really don't.

Mr. HALLEY. Well, I am trying to find out who handled the buying of slot machines for your slot-machine company in New Orleans in the year 1943.

Mr. COSTELLO. May I ask you a question?

Mr. HALLEY. You had better make a statement, if you like. I will not answer a question. You can make a statement.

Mr. COSTELLO. I don't care to make a statement. I just thought that I wanted to know if Mr. Kastel testified——

Mr. HALLEY. If it is a question about this document, I will be glad to answer it.

Mr. COSTELLO. If he testified in New Orleans.

Mr. HALLEY. Did Kastel testify in New Orleans?

Mr. COSTELLO. Yes.

Mr. HALLEY. I believe he did.

Mr. COSTELLO. Did he testify contrary to what I am saying here?

Mr. HALLEY. Now, we won't get into that subject. That is why I don't want to answer a question, because I am here to ask them.

Mr. WOLF. Mr. Halley, you referred to a document——

Mr. HALLEY. I referred to a transcription of a telephone conversation.

Mr. WOLF. Oh, I thought you had a memo of purchase, or something.

Mr. HALLEY. No. I have a transcription of a telephone conversation.

Mr. WOLF. I see. All right. Is that the document you referred to before, Mr. Halley?

Mr. HALLEY. Yes.

You see, the law-enforcement officers get so few opportunities to look behind the scenes to find out what is behind these generalities.

Mr. WOLF. Well, you are getting a good idea here. The scenes are set up, and the stage is set, and the man is testifying.

Mr. HALLEY. Unfortunately, the tap was in there only a couple of months.

Now, you don't think you were the boss of Mr. Kastel?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. Isn't it a fact that you were the big boss of Kastel and others?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. Do you remember an occasion when Willie Moretti became ill?

Mr. COSTELLO. Yes.

Mr. HALLEY. And he went to California?

Mr. COSTELLO. I believe I do.

Mr. WOLF. Hold it, please, just a moment. Get your throat clear.

Mr. COSTELLO. It is all right.

Mr. WOLF. I want the witness to make sure he is able to talk.

Mr. COSTELLO. All right, continue.

Mr. HALLEY. We have only 15 minutes left, I think, of today's session. Are you able to go 15 minutes?

Mr. COSTELLO. Yes; go ahead.

Mr. HALLEY. Do you remember when Willie became ill and went to California?

Mr. COSTELLO. Yes.

Mr. HALLEY. Did you have anything to do with his going?

Mr. COSTELLO. No.

Mr. HALLEY. Did you advise him to go?

Mr. COSTELLO. No.

Mr. HALLEY. Did you instruct him to go?

Mr. COSTELLO. No. I might have—he called me, or I called him, and I might have said, "Why don't you get away and get a rest, or go and recoup somewhere?" I might have said that.

Mr. HALLEY. Well, you were worried about Willie; weren't you?

Mr. COSTELLO. Well, he is a friend of mine?

Mr. HALLEY. What is Willie Moretti's business?

Mr. COSTELLO. I would sooner him answer them questions.

Mr. HALLEY. I think he did answer the question by saying that in addition to being in the laundry business——

Mr. COSTELLO. That's right; I know him to be in the laundry business.

Mr. HALLEY. He was one of a group of people whom he described as being able to get more than 6 percent for their money? Do you remember that?

Mr. COSTELLO. Why should I remember? If he didn't make the statement to you, he didn't make it to me.

Mr. HALLEY. And he lives in Jersey; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Now, Mr. Costello, is it not a fact that Willie suffered some kind of injury or accident and began to talk too much?

Mr. COSTELLO. I don't know what you mean by talking too much. I know he was a very ill man.

Mr. HALLEY. You gave certain orders for him to keep from talking; did you not?

Mr. COSTELLO. I what?

Mr. HALLEY. You gave certain instructions for iWillie Moretti to keep from talking; isn't that right?

Mr. COSTELLO. What have you got reference to? Tell me.

Mr. HALLEY. Don't you remember, in 1943, unfortunately just at the time this telephone tap was in, Willie became ill and went to California?

Mr. COSTELLO. Yes. But you say I gave instructions for him not to talk.

Mr. HALLEY. Didn't you send him to California because he couldn't keep his mouth shut?

Mr. COSTELLO. I didn't send anyone to California.

Mr. HALLEY. Didn't you keep him in California until he recovered?

Mr. COSTELLO. Absolutely not. I kept nobody in California.

Mr. WOLF. May the witness explain about that subject matter, Mr. Halley?

Mr. HALLEY. Surely. Go right ahead. That is a fine suggestion.

Mr. COSTELLO. I might have suggested that he should take a rest, and go to recoup, maybe, in Florida, California, or somewhere. What privilege have I got to send him away?

Mr. HALLEY. Well, you were his boss?

Mr. COSTELLO. Boss of what?

Mr. HALLEY. Did he ever call you up and say, "Hello, Chief"?

Mr. COSTELLO. I called him "Chief," too.

Mr. HALLEY. I haven't found any conversation in which you called him "Chief."

Mr. COSTELLO. His name was "Chief Meyers." I called him "Chief Meyers" when we were kids.

Mr. HALLEY. Who is Chief Meyers?

Mr. COSTELLO. Him.

Mr. HALLEY. Willie Moretti?

Mr. COSTELLO. Yes.

Mr. HALLEY. That is a new one on me.

Mr. COSTELLO. Well, as kids.

Mr. HALLEY. What chief were you, because it wasn't you who called him "Chief" but he who called you "Chief." You see, the conservation—I think it is only fair to read it now on June 3, 1943, from Willie Moretti in California—of course, it is just "Willie"; that is all that the reporter knows. But Willie Moretti was in California; is that right?

Mr. COSTELLO. In 1943, I imagine, yes; he was.

Mr. HALLEY. Willie in California called Costello, and Willie said, "Hello, Chief. I got the telephone connection at 31-J."

Why would he call you "Chief"?

Mr. COSTELLO. I don't know. I don't remember him calling me "Chief." If he did, it is just—I call people "Chief." I mean, even a captain, I say, "Chief, how about a table." It is an expression, maybe.

Mr. HALLEY. Just an expression, like "Cut up your business"?

Mr. COSTELLO. Yes, yes.

Mr. HALLEY. Now, Mr. Costello, who was sick, Moretti or you? Were you sick at that time, too?

Mr. COSTELLO. Moretti was sick.

Mr. HALLEY. You were feeling fine; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. You asked him: "How do you feel?"

Moretti said, "Great. They called me from Arizona. They are coming in tomorrow morning."

I presume that refers to some relatives, as far as I can see.

Then you said, "Now, Willie, just rest and don't call me so much. I am O. K."

Was he worried about your health?

Mr. COSTELLO. I might have been sick, too. I might have been laid up with the grippe, cold, or something.

Mr. HALLEY. No; not from the phone calls, you weren't laid up.

Mr. COSTELLO. That's right. Read the whole thing there.

Mr. HALLEY. Then he said, "I worry about you. How about you calling me?"

Why would he be worrying about you, Mr. Costello?

Mr. COSTELLO. I don't know.

Mr. HALLEY. Then you said, "O. K., I will do that. Put your wife on." And the lady got on the phone.

Did you just tell him what you wanted him to do: just give him orders; was that the nature of your association with Moretti?

Mr. COSTELLO. No; absolutely not.

Mr. HALLEY. And she said, "Hello, Frank."

And you said, "Hello, how do you like it?"

And she said, "Fine. Willie is feeling much better now. He was terrible when we first came here."

And you said, "Tell him to stay away from the telephone. When he talks so much, he gets upset."

Could you have told him to stay away from the telephone?

Mr. COSTELLO. The man was a sick man.

Mr. HALLEY. You didn't want him talking?

Mr. COSTELLO. A sick man. For a man, if he is a sick man, and he probably started to talk for hours, it is not going—no more than it is doing me any good to talk for 4 hours or 8 hours. Just a little advice I was giving him.

Mr. HALLEY. Now, did you on any other occasion tell Willie Moretti not to talk?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Well, did you ever say, "I'll let you talk to somebody, but don't talk too much. You know." Did you ever say anything like that to Willie Moretti?

Mr. COSTELLO. I don't remember saying that.

Mr. HALLEY. Do you remember whether or not he called you very frequently from California, almost every morning?

Mr. COSTELLO. I don't believe he called me—

Mr. HALLEY. There were frequent calls, were there not?

Mr. COSTELLO. I don't think so; I don't remember. But I know it couldn't have been any too often.

Mr. HALLEY. Well, how long was he in California, do you remember?

Mr. COSTELLO. I wouldn't remember; a couple of months, I imagine, a month or so. I just don't remember.

Mr. HALLEY. Would you be surprised to know that there were 130 telephone calls?

Mr. COSTELLO. They weren't to me, were they?

Mr. HALLEY. Yes; between you and Willie Moretti.

Mr. COSTELLO. While he was away, 130 telephone calls? I wouldn't know.

Mr. HALLEY. I will read you the questions and answers before the grand jury, sir.

Mr. Costello, would it surprise you to know that the record shows that he called you 130 times in the 5 months preceding February 1943?

A. He called me very often.

Q. And he called you at Hot Springs?

A. That is right.

Q. And you talked to him at Hasbrouck Heights many times?

A. Yes.

Q. And in Deal?

A. Yes.

Does that refresh your recollection as to whether there might have been 130 phone calls between you?

Mr. COSTELLO. I doubt it. That's too many calls. But I know he's a frequent caller.

Mr. HALLEY. Practically every day?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you recall whether or not he called you on June 1, 1943, at 9:25 a. m.?

Mr. COSTELLO. No; I don't recall.

Mr. HALLEY. Did you ever call him Cull, or anything like that?

Mr. COSTELLO. Carl?

Mr. HALLEY. Cull. This is clearly Moretti, but apparently he said, "Hello, Frank," calling from California, and you said, "Hello, Cull." Who could that have been?

Mr. COSTELLO. I don't know.

Mr. HALLEY. See if the telephone conversation helps.

I had to walk 2 miles to the telephone. It's next to a post office. What a place this California is, all sunshine, big hills, and beautiful country, nothing like Florida.

And you said, "How's the wife and children?"

That just sounds like a call from Willie Moretti.

Mr. COSTELLO. It is possible.

Mr. HALLEY. He said, "Oh, fine, all tanned up. I love it here," and this says "Solly," that must mean his brother Solly, do you think, "will be down in August and I will be back then," and you said, "Don't tell me. You know why."

He said, "Did my brother come up there this morning?" And you said, "No, not yet, but I expect him any minute."

Were you expecting Solly Moretti to come to see you quite frequently in the period when Willie was away?

Mr. COSTELLO. Well, I don't remember.

Mr. HALLEY. Well, there is some evidence in the phone calls that he did.

Mr. COSTELLO. He might have come up and visited me.

Mr. HALLEY. He would come up and visit with you?

Mr. COSTELLO. Visit me. He might have, yes.

Mr. HALLEY. And then Morty said, "I wrote a letter but I didn't say much," and you said, "That's right."

Now, what would be the point in having to tell you he didn't say much in a letter?

Mr. COSTELLO. Well, I don't know. The man was a sick man and the chances are that you used to ramble and talk in phone calls and it was good for his health, and I may have been discouraging him.

Mr. HALLEY. Then you said, "I'll let you talk to someone, but don't talk too much. You know." And he said "yes," and then somebody else got on the telephone and spoke to Moretti in Italian. Do you remember that incident?

Mr. COSTELLO. No; I wouldn't remember it.

Mr. HALLEY. Well, did you habitually give instructions to Moretti and other people—let us confine it to Moretti—did you habitually give instructions to Moretti?

Mr. COSTELLO. No.

Mr. HALLEY. Did you order Moretti to California?

Mr. COSTELLO. No.

Mr. HALLEY. Did you order him to stay there after he got there?

Mr. COSTELLO. Oh, I might have said, "The longer you stayed the better for your health."

Mr. HALLEY. What was the relationship between you and Moretti? Are you relatives?

Mr. COSTELLO. No. I have known him many, many years, and I am the godfather of his first child.

Mr. HALLEY. And you are very good friends?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you have any business together?

Mr. COSTELLO. No.

Mr. HALLEY. Have you ever had any business together?

Mr. COSTELLO. No.

Mr. HALLEY. Let me read you one more telephone conversation which, according to the notes of the officers, took place on June 8, 1943, at 9 a. m. It is a call from a man named "Tommy" to you. I don't know who Tommy is, do you?

Mr. COSTELLO. No; I wouldn't know.

Mr. HALLEY. Tommy said, "Hello, Frank. How is things? I have been trying to catch up with you for the past few days," and you said, "I know. Say, I just spoke to Willie and he wants to be remembered to you."

Tommy said, "How does he feel?"

You said, "Fine."

Tommy said, "How much longer will he be out there?"

And you said, "Oh, I will keep him out there at least a month more."

Tommy said, "That's good." Then there was some other conversation.

Now, what did you mean by telling Tommy that you would keep him out there at least a month more?

Mr. COSTELLO. Well, I might have meant that through his wife I could encourage him to stay there a month longer.

Mr. HALLEY. You had a doctor look at him, did you not?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. You had a doctor examine him?

Mr. COSTELLO. No; I never had any doctor examine him; no.

Mr. HALLEY. Well, you had certain conversations with Dr. Sarubbi, the political leader, did you not?

Mr. COSTELLO. Oh, well, I might have had a conversation, I might have; yes.

Mr. HALLEY. And you asked Dr. Sarubbi to call him up and see how he was?

Mr. COSTELLO. I might have; yes.

Mr. HALLEY. And to let you know if he was well enough to come home; is that right?

Mr. COSTELLO. Well, no. Was Sarubbi in California?

Mr. HALLEY. No, Sarubbi was in New York.

Mr. COSTELLO. Well, then by remote control he was going to examine him to come home?

Mr. HALLEY. Well, I don't know. You know what you did. I certainly don't.

Let me read another conversation to you, one with a doctor, and perhaps you can recall what doctor it was. The person calling you said, "Good morning, Frank. How is things?" And you said, "Things seem to be pretty good down there."

The doctor said, "That's good. Say, when I saw you I meant to ask you how Willie was getting along. Is he still rambling?"

You said, "You are a doctor. Tell me what you think of this. In the first place, he has stopped talking big and realizes that he has been

talking and is sorry. He can't get it into his head just what made him talk.

"DOCTOR. Has he made any bets?

"YOU. No big bets.

"DOCTOR. I mean normal bets?

"YOU. He's not even making more bets. Does that look like a normal reaction?

"DOCTOR. It appears so to me.

"YOU. Here's what I want you to do. Call him and see what you think of his conversation and let me know. The number is Newhall 31-J, Los Angeles. Make the call around noon, and that will be around 9 o'clock their time. Reverse the charges."

The doctor said, "He is in Los Angeles now?" And you said, "He couldn't get what he wanted in the other place."

The doctor said, "O. K., Frank. I'll let you know exactly what I think."

MR. COSTELLO. Well, I just don't remember that conversation, but you remind me, when you say if I said, "Does he still bet big or talk big," he was in the hospital and the name just come to me, I believe it was Dr. Thomas that was taking care of him, and I visit him, and when I visit him he told me he just had bet \$2,000,000 on a 10 to 1 chance for me, and the horse won by 12 lengths. See, the fellow was, you know, he was sick, delirious, and that's all. He was talking four million, eight million at the time. The chances are I may have said, "How does he feel? Is he still talking big numbers?" Meaning is he still sick.

MR. HALLEY. Was he talking too much; is that what the trouble was?

MR. COSTELLO. No; I don't know what that means, Mr. Halley. I just told you why he was talking to me. He was ill.

MR. HALLEY. And you don't think it was Dr. Sarubbi, whom you had check up on Willie Moretti?

MR. COSTELLO. No; it might have been Sarubbi. I knew him very well. He knew Willie, and I probably said, "How does that fellow feel? Check up on him."

MR. HALLEY. Well, Sarubbi was here in New York, and Willie was all the way out in California: is that right?

MR. COSTELLO. Yes; but I don't believe I could have told him to check up, if he was in California.

MR. HALLEY. It is possible?

MR. COSTELLO. It must be possible.

MR. WOLF. Mr. Halley, did not Mr. Costello explain that situation fully to Mr. Hogan? He went into details about Moretti's illness and his hallucinations about those bets.

MR. HALLEY. He answered some questions Mr. Hogan asked him. I would be very surprised if he satisfied Mr. Hogan on the subject.

MR. WOLF. Well, you consult Mr. Hogan. You will find he made a full explanation of that.

MR. HALLEY. That's fine advice. I have consulted Mr. Hogan. Thank you very much.

MR. WOLF. I have a transcript of what he said, Senator, and he went into a full explanation of Mr. Moretti's illness and his concern—no other concern but as a friend.

Mr. HALLEY. I can assure you he has not convinced Mr. Hogan, as far as I know, or me, that the relationship between him and Willie Moretti wasn't that of boss and follower, and that when Willie Moretti became ill and began talking too much, he just sent Willie out to California and kept him there.

Mr. WOLF. If that's what you have got to base it on, Mr. Halley, and the rest of your conclusions are the same way, then I have nothing more to say about it.

Mr. HALLEY. I haven't asked you to say anything about it. I am asking Mr. Costello.

Now, Mr. Costello, go on.

Mr. COSTELLO. I think he spoke for me; that's my language.

Senator O'CONOR. Are you down to what may be a natural stopping point, Mr. Halley? I see we are just a little past the time.

Mr. HALLEY. Yes.

Senator O'CONOR. Before adjourning for the evening, there is one comment which we would like to make.

We are going to adjourn until tomorrow morning at 9:30 in the hope that we can begin promptly at that time and then proceed to a conclusion.

But it might seem desirable to suggest to the witness and to his very able counsel, who is very vigilant and zealous in the protection of his rights, overnight, to consider just the one single point on which there has been a refusal to answer. Here it is, 28 minutes of 6, and he has been on the stand from some time after the beginning of the session at 9:30 this morning, and the only reason I mention those times is to indicate that he has answered a great number of questions and has refused to answer only one. It is to be hoped, not in a spirit of threat, or in anything to force the witness to do anything which might be detrimental to his own interests, or a violation of any rights that he may have—because the committee doesn't consider it as such—that he will reconsider on the one point where he has refused to testify in order that the committee will not be confronted with the question which now confronts it, because, speaking for myself, if it remains in the same status as it is now, it will be necessary to propose a citation for contempt. And it is to be hoped that the witness, after consultation with his counsel, might see his way clear to answer that question in the morning.

Mr. WOLF. May I ask if you expect to continue the examination of Mr. Costello, apart from that one point?

Senator O'CONOR. Yes, yes. In other words, Mr. Wolf, the only reason I say that is that it is apparent that counsel did not indicate he was concluded, and I assume—

Mr. WOLF. I didn't think he indicated it, but I thought, from your statement, that he was through.

Senator O'CONOR. No; I didn't say that; I'm sorry.

Mr. WOLF. Then the committee will be here until Friday?

Senator O'CONOR. Yes; it is expected so; yes. But the testimony of Mr. Costello will be resumed at 9:30 in the morning, and the only reason I made that comment was that I hoped that it would be your advice, and that the witness would take it, to answer that question.

Mr. WOLF. May I ask that we postpone the further discussion of that matter until Friday, when I would like to look into the subject

further and take it up with the committee; argue it out with the committee.

Senator O'CONOR. Well, Mr. Wolf, that question has already been settled, and as it has been indicated, of course, this committee must proceed to the consideration of other matters. However, you will be given the opportunity to file the brief that you have proposed.

Now we will take an adjournment until tomorrow morning at 9:30. (Whereupon, at 5:40 p. m., the committee adjourned to Wednesday, March 14, 1951, at 9:30 a. m.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

WEDNESDAY, MARCH 14, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

The committee met, pursuant to recess, at 9:30 a. m., in room 318, United States Courthouse, Foley Square, New York City, N. Y., Senator Estes Kefauver (chairman).

Present: Senator Kefauver, O'Connor (presiding), and Tobey.

Also present: Rudolph Halley, chief counsel; James Walsh, Alfred Klein, Joseph Nellis, David Shivitz, Reuben Lazarus, and Louis Yavner, counsel.

Senator O'CONOR. The hearing will please come to order.

In opening today's hearing, the committee feels that it should express appreciation especially to Judge Goddard for his consideration in relinquishing this courtroom for the use of the committee. It was most considerate of him, and cooperative; and also to Judge Knox, who made it possible. We are very grateful indeed, because this serves the convenience of the committee and the staff, of course, in addition to the representatives of the press and the radio and television.

I might also make this statement: There has been received by the committee a telegram from Mr. George Morton Levy, which I shall read. It is addressed to the chairman, Hon. Estes Kefauver, and the message is as follows:

In the light of the misleading transcript of telephone conversation of July 1943, I must insist upon the opportunity of returning to the witness stand before your committee at your earliest convenience. I shall be available at my home, Freeport 9-8080. I feel that fairness requires your reading this request into the record of this morning's session of the committee.

Respectfully yours,

GEORGE MORTON LEVY.

Senator Kefauver, from the beginning of the work of this committee, has laid down the rule that any individual who feels that he suffered as a result of any statement which he thinks should be corrected, would have the opportunity of coming before the committee, and, of course, that rule applies to everyone. So, therefore, Mr. Levy will be afforded an opportunity at the earliest convenience of the committee to return to the witness stand; and, of course, his request already so indicates that.

Senator TOBEY. Mr. Chairman, may I interpolate that had Mr. George Morton Levy not requested to come back I would have moved that he come back here, in the face of the amazing situation of the testimony yesterday and his testimony of a few days before.

Senator O'CONOR. Now we are ready to resume the testimony of the witness, Frank Costello.

**FURTHER TESTIMONY OF FRANK COSTELLO, NEW YORK, N. Y.,
ACCOMPANIED BY GEORGE WOLF, ATTORNEY, NEW YORK,
N. Y.**

Mr. HALLEY. Now, Mr. Costello, we were talking yesterday about the question of whether or not you took an active part in the management of the Louisiana Mint Co., and whether you were telling the truth when you told this committee that you did not.

I want to ask you whether or not it is a fact that you took a very active interest in the Louisiana Mint Co., and whether you did not, from day to day, over the long-distance telephone, give directions and control the policies of the business of the Louisiana Mint Co.?

Mr. COSTELLO. Well, I have spoke on the phone; naturally, I have an interest; but, as an actual part, I didn't take any business.

Mr. HALLEY. You inquired about the details, did you not?

Mr. COSTELLO. That's right.

Mr. HALLEY. The buying and use of the slot machines; is that right?

Mr. COSTELLO. Yes; off and on.

Mr. HALLEY. Well, you did; did you not?

Mr. COSTELLO. Well, I might have; yes, off and on.

Mr. HALLEY. Well, you did, did you not?

Mr. COSTELLO. Well, I might have.

Mr. HALLEY. No; not what you might have done, I might have done, or anybody in this room might have done. Didn't you?

Mr. COSTELLO. Yes; say I did.

Mr. HALLEY. As a constant practice?

Mr. COSTELLO. Well, I wouldn't call it a constant practice, because I left all the details to Mr. Kastel.

Mr. HALLEY. Well, did you? Did you leave the details as to price to Mr. Kastel?

Mr. COSTELLO. Well, we might have spoken of prices.

Mr. HALLEY. Didn't you actually speak of prices?

Mr. COSTELLO. Well, I might have spoken prices; yes.

Mr. HALLEY. Now, Mr. Costello, we can't accept answers about what you might have done. Did you or did you not talk about prices to Kastel?

Mr. COSTELLO. Well, I would say yes, on occasion, on an occasion now and then.

Mr. HALLEY. On many occasions; is that not so?

Mr. COSTELLO. I don't know how many occasions; no.

Mr. HALLEY. There were many occasions; it was not an isolated situation?

Mr. COSTELLO. I imagine a few times; yes.

Mr. HALLEY. It was more than a few times; was it not?

Mr. COSTELLO. I wouldn't remember.

Mr. HALLEY. It might have been more than a few times?

Mr. COSTELLO. I wouldn't remember.

Mr. HALLEY. Let's see: We were talking about some slot-machine business in the month of June, yesterday. Now here is some slot-machine business in the month of May.

Mr. WOLF. You are talking of the same year?

Mr. HALLEY. 1943.

For the record, Mr. Chairman, 1943 is the year in which detectives, operating out of the office of the district attorney of New York County, operated a wire tap, legally authorized by the courts of the State of New York, on the wires from Mr. Costello's apartment. And we have available some of those wire taps.

Now I will read to you a conversation of May 27, 1943, at 8:27 a. m.; and I would like to point out that before that 8:27 call, at 8:24, you put in a long-distance telephone call for Phil Kastel. I will read the actual transcript into evidence:

8:24, long distance. Frank Costello called Philip Kastel at LaSalle Hotel.
OPERATOR. Mr. Kastel is out of town.

Did you not then immediately call Stanley Geigerman?

Mr. COSTELLO. What year was that, may I ask?

Mr. HALLEY. 1943.

Mr. COSTELLO. How am I going to remember 8 years ago?

Mr. HALLEY. You have been over a lot of this material when you were before the grand jury, Mr. Costello. It is not all fresh to you; is it?

Mr. COSTELLO. How long ago was that grand jury?

Mr. HALLEY. The grand jury was in 1943, and you had a good chance to renew your memory on the whole matter.

Let me refresh it; we will do it that way.

You: "Hello, Frank. Do you want to talk to Dudley?"

You: "Yes."

Then Dudley: "Hello, Frank."

Then Costello: "I called Phil at the Roosevelt, and he is out of town."

Geigerman: "Sure, he is still at the Drake Hotel in Chicago, but leaves there tonight."

Then you say: "How about those 20 machines there; what's the price?"

And Geigerman says. "162.50 is O. K."

And you said: "We may have to go to one seventy-five."

And he said: "I looked at one, and it looks O. K."

And you say: "One seventy-five, we will take them, and we can eliminate five."

Geigerman says: "That's O. K."

And you said: "I will call him right away."

Now, do you recall a conversation of that type?

Mr. COSTELLO. No; I don't recall the conversation.

Mr. HALLEY. Would you deny that such a conversation occurred?

Mr. COSTELLO. No; I will not deny it.

Mr. HALLEY. You wouldn't deny that such a conversation occurred?

Mr. COSTELLO. No. It is possible, but I don't recall it.

Mr. HALLEY. And you would not deny that you went into the details of price; is that right?

Mr. COSTELLO. No; I won't deny that either.

Mr. HALLEY. And you won't deny that you even went into the question of how many you would take, saying, "We can eliminate five"; is that right?

Mr. COSTELLO. Well, I wouldn't deny it, but I don't recollect of having that conversation.

Mr. HALLEY. How could you be going into such details as to even the elimination of five machines if you weren't personally and in the greatest detail familiar with that slot-machine operation in New Orleans?

Mr. COSTELLO. Well, I wouldn't remember the details.

Mr. HALLEY. No; but you did remember them in 1943, didn't you?

Mr. COSTELLO. Well, no; I don't remember 1943 conversations.

Mr. HALLEY. Will you explain how any reasonable man could talk about—let me go back over this thing with you. Geigerman says, "\$162.50 is O. K." You said, "We may have to go to \$175." Now, that sounds like a man who has been very deeply interested in the negotiations; doesn't it?

Mr. COSTELLO. Well, I don't know. I don't recollect that conversation, and I don't see what difference it would make if I spoke of a business that I had an interest in.

Mr. HALLEY. No difference at all, except that you told this committee, when we originally asked you about the slot machines last February, that you had nothing to do with the buying of slot machines; precisely you said, "I never bought a slot machine."

Mr. COSTELLO. That's right.

Mr. HALLEY. And you gave the committee and attempted to give the committee the impression that you had nothing to do whatsoever with the operation of the business.

Mr. COSTELLO. Well, I am not trying to give you that impression at all. The impression I am trying to give—

Mr. HALLEY. Well, the impression you gave us—

Mr. WOLF. May he be permitted to finish his answer?

Mr. HALLEY. No; I think he is doing very well.

Mr. WOLF. May he be permitted to answer?

Senator O'CONOR. Yes; the witness is to be afforded full opportunity to give his answer.

Mr. COSTELLO. The impression I am trying to give you is that I had very little details to take care of; that Mr. Kastel had the burden of all the details.

Mr. HALLEY. Well, what would you call the question of whether you would pay \$162.50 or \$175 for 20 machines? Is that a detail or is that a broad question of policy?

Mr. COSTELLO. Well, I would assume it's part of detail; isn't it, talking price?

Mr. HALLEY. It certainly sounds that way. Now, you got up quite early; you were calling at 8:24; isn't that right?

Mr. COSTELLO. I am always up early.

Mr. HALLEY. And did you devote the hours between 8 and 9:30 generally to your business phone calls?

Mr. COSTELLO. Well, if I get any phone calls; I don't make a practice of it.

Mr. HALLEY. At least I assume you did so until it came out that there was a wiretap on your wire; is that right?

Mr. COSTELLO. I am up early every morning.

Mr. HALLEY. You did find out eventually there was a wiretap on your wire?

Mr. COSTELLO. I never did find out.

Mr. HALLEY. Well, you found out when you went before the grand jury?

Mr. COSTELLO. Well, I don't know. That's what they tell me.

Mr. HALLEY. It made no difference to you?

Mr. COSTELLO. I'm doubtful whether it is authentic or not. What do I know that a policeman don't have an assignment to tap and then make up his own report and turns it in to you or Mr. Hogan?

Mr. HALLEY. You are doubtful whether you ever had a wiretap on your wire?

Mr. COSTELLO. Yes.

Mr. HALLEY. Did you ever do anything to find out if you had a wire tap on your wire?

Mr. COSTELLO. No; it wasn't necessary.

Mr. HALLEY. Are you going to sit here and swear you never did anything to find out if you had a wire tap on your wire?

Mr. COSTELLO. I don't believe I remember.

Mr. HALLEY. Now you are getting a little vague. Let's be definite. You believe you had a wire tap on your wire or not?

Mr. COSTELLO. I don't believe whether I did have. I was never sure.

Mr. HALLEY. You were never sure?

Mr. COSTELLO. I haven't seen it.

Mr. HALLEY. Did you ever ask anybody to check whether you had a wire tap?

Mr. COSTELLO. To check if I had one? Not that I remember.

Mr. HALLEY. Did you ever pay anybody to check over whether you had a wire tap?

Mr. COSTELLO. No, sir; absolutely not, never paid anyone.

Mr. HALLEY. Did you ever hear of man named James McLaughlin?

Mr. COSTELLO. Never.

Mr. HALLEY. Did you ever hear of a man who worked for the telephone company who made a practice of checking people's wire to see if they were tapped?

Mr. COSTELLO. I don't know the gentleman.

Mr. HALLEY. Do you know Irving Sherman?

Mr. COSTELLO. Yes.

Mr. HALLEY. You know him quite well, do you not?

Mr. COSTELLO. Quite well; yes.

Mr. HALLEY. He is an old friend of yours?

Mr. COSTELLO. That's right.

Mr. HALLEY. In fact, you were once in business together, were you not?

Mr. COSTELLO. No.

Mr. HALLEY. You were not?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. We will get back to that. Now, keep staying with the wire tap. Did not Mr. Irving Sherman introduce you to a man named James McLaughlin, who worked for the telephone company?

Mr. COSTELLO. Not to my recollection now.

Mr. HALLEY. And didn't James McLaughlin check your wires at your request?

Mr. COSTELLO. Not to my recollection. I never give anybody a contract to check my wires.

Mr. HALLEY. Did you ever give anybody any money to check your wires?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. Did you ever give anybody \$100 to check your wires?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. That is your sworn testimony?

Mr. COSTELLO. Yes.

Mr. HALLEY. You never took the trouble to find out if your wires were tapped?

Mr. COSTELLO. Not that I remember.

Mr. HALLEY. Even after you appeared before a grand jury and the district attorney of New York County, Mr. Frank Hogan read wire tap after wire tap to you?

Mr. COSTELLO. Well, I might have spoken about it, but I never give anybody an assignment to check, to my knowledge.

Mr. HALLEY. Now, Mr. Costello, getting back to the question of these wire taps, you don't deny that they are genuine? Do you have any doubt in your mind about that?

Mr. COSTELLO. I am not questioning them.

Mr. HALLEY. Getting back to them, we have here you calling Phil Kastel at 8:24. When he was not in, you called Geigerman at 8:27. Then you go right into the details of whether the price should be \$162 or \$175. Let me read it again.

Geigerman—No; you said, "I say, how about these 20 machines over there? What's the price?"

And Geigerman said, "\$162.50 is O. K."

You said, "We may have to go to \$175."

Now, doesn't that sound to you, Mr. Costello, as though you were pretty familiar with the details and with telling Geigerman what he better do?

Mr. COSTELLO. I don't remember the conversation; and it's not impossible that I didn't have it, but it's possible I didn't have the conversation.

Mr. HALLEY. If you had it, and if we can get a proper testimony that the man who took this thing and wrote it down in their own handwriting heard it, how would you explain your going into the details with Geigerman not only as to price, but let me go on, and later saying, "And we can eliminate five."

He said, "I looked at one and it looks O. K."

And you said, "175 will take them, and we can eliminate five."

Then he said, "That's O. K."

Look at this, Mr. Costello, read it [handing to witness].

Mr. COSTELLO. I don't have to look at it, for the simple reason it's 8 years old.

Mr. HALLEY. Look at it if you doubt it. Go right ahead and study it.

Mr. COSTELLO. I have no recollection of that conversation.

Mr. HALLEY. And explain how a man could have that conversation unless he was definitely running the show in New Orleans.

We will get to the other ones later, Mr. Costello. I had just asked you to read the one we were talking about.

Mr. COSTELLO. I just don't remember. I might have been discussing price.

Mr. HALLEY. You might have been discussing price?

Mr. COSTELLO. Yes.

Mr. HALLEY. You were discussing price, weren't you?

Mr. COSTELLO. I don't remember that particular conversation, but it's possible that I could have been discussing prices.

Mr. HALLEY. Well, you just read it. You don't doubt it, do you?

Mr. COSTELLO. The reading don't mean nothing to me.

Mr. HALLEY. You mean it doesn't mean anything to you when Geigerman—

Mr. COSTELLO (interposing). I want to check my memory. You want my memory, don't you, if I really spoke about it, spoke to him on the telephone?

Mr. HALLEY. Now I want your judgment, Mr. Costello, because the only explanation I ever had about your power has been that people respect your judgment, and that it is not based on power at all. Now I want the benefit for this committee of your judgment.

What does it mean to you when Geigerman says, "162.50 is O. K.," and you say, "We may have to go to 175." Then you say, "175 will take them, and we can eliminate five." And Geigerman says, "That's O. K."

Who is the boss?

Mr. COSTELLO. Well, naturally he was managing the office. He probably wanted my judgment, and then my judgment would be turned over to Mr. Kastel when he got back to New Orleans, if he was in Chicago; and then he would give him the report, what I told him.

Mr. HALLEY. You mean Geigerman would give Kastel the report?

Mr. COSTELLO. That's right.

Mr. HALLEY. That's what you had in mind?

Mr. COSTELLO. Well, if Kastel was in Chicago at the time.

Mr. HALLEY. That's silly, isn't it?

Mr. COSTELLO. Why?

Mr. HALLEY. Because you called Kastel 4 minutes later in Chicago at 8:30 a. m.

Mr. COSTELLO. He called him a few minutes later?

Mr. HALLEY. You were thumbing through this with your lawyer.

Mr. COSTELLO. Mr. Halley, did he call him a few minutes later?

Mr. HALLEY. You called. Let me read it to you, Mr. Costello.

At 8:31 a. m. Frank Costello called Philip Kastel at the Drake Hotel in Chicago.

I will just read the whole call, and then we will talk about it.

It says:

While waiting to be connected, Costello spoke to somebody in his home and said, "Maybe we can get Bruno on."

Then—

In (COSTELLO). Hello, Phil.

KASTEL. Hello, Frank.

In. I just called at New Orleans.

Out. I leave here tonight.

COSTELLO. My lawyer says it goes on the 24th, and I had a nice talk, and they realize they are up against a brick wall, but they all agree we made a mistake.

KASTEL. About what?

Our cases are different. Morris let him understand that we would testify. That's the mistake. Do you get what I mean?

KASTEL. My case looks pretty good.

COSTELLO. It's just the way it is. Now, about the 20 pieces out there.

KASTEL. Give them 150 apiece, if they want to sell them.

COSTELLO. Dudley said 162.50. Let's take 20 and eliminate the 5. The market is higher than that. Suppose we pay 175 for 20 and leave 5.

KASTEL. O. K. Call me up later.

That's you—

Call me up later.

O. K.

Do you have any recollection of having called Kastel immediately after calling Geigerman?

Mr. COSTELLO. Well, I have no recollection.

Mr. HALLEY. None whatsoever?

Mr. COSTELLO. No.

Mr. HALLEY. Now, you had another conversation with Phil Kastel. Now we jump over to August.

You had a rather long conversation with Phil Kastel on August 13, at 8:43 a. m.

Mr. WOLF. Mr. Halley, I presume the telephone conversations or the records that you are reading from—from the statement you made yesterday—were used before the grand jury of New York County by Mr. Hogan?

Mr. HALLEY. Not all of them.

Mr. WOLF. Is this one that you are referring to? I assume that was so as to those you read before. How about the one you are referring to now?

Mr. HALLEY. I haven't the faintest idea.

Mr. WOLF. Then I object to it on the ground that it is a violation of the Federal law which prohibits the divulging of telephone conversations. I had assumed——

Mr. HALLEY. This is a perfectly legal wire tap.

Mr. WOLF. I make my objection addressed to the committee that telephone conversations, intercepted telephone conversations may not be divulged.

Mr. HALLEY. May I be heard?

Senator O'CONOR. I think possibly it may be unnecessary, Mr. Halley, because it is the committee's understanding that they were legally obtained. It does not matter whether they were subsequently used in the grand jury or not.

Mr. WOLF. They may be legally obtained in New York State under the New York State constitution, which provides for the issuance of an order by a designated judge. That is, when I say a "judge," I mean a judge of the court of general sessions or of the supreme court.

However, that does not permit the divulging of those conversations in a Federal court or in a Federal investigation. They may be used freely in the State in any proceeding. That is the basis of my objection.

Senator O'CONOR. The committee does not agree with you on that statement, and hence will——

Mr. WOLF. I want to draw that to the attention of the committee, because the Federal statute, as you know, Senator, is very clear, and prohibits the divulging of intercepting telephone conversations.

Senator O'CONOR. Well, the committee does not agree with that, and will permit the question to be answered. Mr. Halley.

Mr. HALLEY. Now, referring back, Mr. Costello, to the telephone conversation——

Mr. WOLF. And, so there will not be any further interruptions by me, I take an objection to the use of any intercepted telephone conversations and the disclosure of those telephone conversations in the

Senate subcommittee hearings, on the ground that it violates the Federal statute against interception and divulging of the conversation.

Senator O'CONOR. Mr. Wolf, your objection will be noted in the record. Of course, this ruling is applicable to all of the interceptions, as explained by the committee counsel, which were pursuant to an order for that purpose. So your objection will be noted in the record.

Mr. WOLF. It will be noted, and it will not be necessary to note each objection?

Senator O'CONOR. That is correct.

Mr. HALLEY. At 8:43 a. m. on August 13, 1943, you called Phil Kastel at the Roosevelt Hotel in New Orleans, and after a lengthy conversation, said this: "In 60 days, I will probably buy a hundred pieces."

He said, "O. K. Frank," and you said, "So long, Phil."

What could a hundred pieces possibly refer to, that you would buy?

Mr. COSTELLO. Well, I don't recollect the conversation, but it could have been a hundred pieces of machines.

Mr. HALLEY. That you would buy? Let me read it again: "In 60 days, I will probably buy a hundred pieces."

And he said, "O. K., Frank."

Mr. COSTELLO. It's possible.

Mr. HALLEY. It happened, didn't it?

Mr. COSTELLO. Well, it's possible.

Mr. HALLEY. Tell me, Mr. Costello, did Phil Kastel ever say anything but "O. K." to you?

I mean, whenever I read anything about the business, he seems to just say, "O. K."

Senator TOBEY. He had a good sense of proportion.

Mr. WOLF. Will you repeat the question? Is there a question?

Mr. COSTELLO. He didn't ask me a question.

Mr. WOLF. Was there a question put to the witness?

Mr. HALLEY. I asked if he ever said anything but "O. K."

Mr. WOLF. Did you—

Mr. HALLEY. Please, Mr. Wolf. The question is, did he ever say anything but "O. K." to you?

Mr. WOLF. That is the question. Will you please answer the question, Mr. Costello?

Mr. COSTELLO. Naturally he has said other than "O. K."

Mr. HALLEY. Now, Mr. Costello, I would like to turn to this question of Moretti.

Before doing so, I would like to ask you again: Do you deny that Phil Kastel took orders from you about the slot-machine business in New Orleans?

Mr. COSTELLO. Well, he might have taken some suggestions.

Mr. HALLEY. Thank you.

The CHAIRMAN. Senator O'Connor.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. Mr. Costello, I think it is important to bring out just when you met and when you started doing business with Phil Kastel.

As I understand it, you and he were partners in the slot-machine business here in New York before you went to Louisiana, before you opened up there; is that correct?

Mr. COSTELLO. Yes.

The CHAIRMAN. And how long did you do business together in New York, approximately?

Mr. COSTELLO. Oh, I don't know. I imagine a couple of years.

The CHAIRMAN. And he also did business, or did you not together do business in Connecticut at one time?

Mr. COSTELLO. In Connecticut?

The CHAIRMAN. Yes.

Mr. COSTELLO. Yes.

The CHAIRMAN. The slot-machine business?

Mr. COSTELLO. That's right.

The CHAIRMAN. And in several States around here, did you not?

Mr. COSTELLO. No.

The CHAIRMAN. You had a pretty big business, you and he, together, in New York and Connecticut?

Mr. WOLF. Please answer.

Mr. COSTELLO. I don't believe we were ever in business in Connecticut. We started in business in Connecticut, to my recollection.

The CHAIRMAN. Was that in the slot-machine business?

Mr. COSTELLO. That's right.

The CHAIRMAN. He was convicted and sentenced to serve some time in connection with a stock market operation, extortion, for using the mails to defraud, I have forgotten the exact offense; I have it here.

Do you remember the occasion?

Mr. COSTELLO. Yes.

The CHAIRMAN. What was that, Mr. Costello?

Mr. COSTELLO. Well, I wouldn't know. I know there was a stock indictment of some sort.

The CHAIRMAN. As a matter of fact, he had a stock, bucket shop, or some kind of stock dealing concern; did he not?

Mr. COSTELLO. I don't believe I knew him at the time.

The CHAIRMAN. Did you have a brother or cousin named Costello, who was in the business of selling stock also?

Mr. COSTELLO. No.

The CHAIRMAN. Ed Costello, or Charley Costello?

Mr. COSTELLO. No.

The CHAIRMAN. Well, there was some Costello indicted with you back at this time that 62 of you were indicted. Who was that; wasn't that your brother?

Mr. COSTELLO. Yes; Ed Costello.

The CHAIRMAN. Did he have a bucket shop, or wasn't he in the stock-selling business up at Binghamton?

Mr. COSTELLO. No, not to my knowledge.

The CHAIRMAN. Not that you know of?

Mr. COSTELLO. No.

The CHAIRMAN. Didn't you finance him in some business?

Mr. COSTELLO. Absolutely not.

The CHAIRMAN. What happened to Ed Costello, your brother?

Mr. COSTELLO. Well, he's around, an old man, sick.

The CHAIRMAN. Didn't he go to California?

Mr. COSTELLO. No, he's never been in California, to my knowledge.

The CHAIRMAN. Wasn't he under indictment in connection with some stock matter in Binghamton, that you know of?

Mr. COSTELLO. No; I believe you got the wrong Costello, to my knowledge.

The CHAIRMAN. But he is the one that was indicted with you—was that in 1925?

Mr. COSTELLO. That's right.

The CHAIRMAN. The alleged rum-running business?

Mr. COSTELLO. Right.

The CHAIRMAN. When did you first meet Phil Kastel?

Mr. COSTELLO. Oh, I imagine around '26, '27, '28, during them 3 years, between them 3 years.

The CHAIRMAN. Well, you and he had some other business transactions together besides the slot-machine business in New York and Connecticut, and besides the business in Louisiana; didn't you?

Mr. COSTELLO. No, not to my knowledge, not that I can remember.

The CHAIRMAN. Well, didn't you endorse a \$325,000 note for him in order to get him, or you and him, into the Whitely distributorship in this country?

Mr. COSTELLO. Yes, that was just accommodation.

The CHAIRMAN. Well, the details of that were that Mr. Hellis gave a note to him, didn't he, for \$325,000?

Mr. WOLF. I think it was the other way around, Senator.

The CHAIRMAN. It was a Hellis note for \$325,000, which you and Phil Kastel endorsed; isn't that correct?

Mr. COSTELLO. Yes; I have endorsed that note.

The CHAIRMAN. And in consideration of that he was given a substantial part of the business of Whiteley Distillers in England or Scotland? Wasn't that the arrangement? That was 1937.

Mr. COSTELLO. 1937?

The CHAIRMAN. Yes.

Mr. COSTELLO. I believe I signed the note.

The CHAIRMAN. That's right. You endorsed the note of \$325,000 to William Hellis, who is a resident of New Orleans.

Mr. COSTELLO. William Hellis, that's right.

The CHAIRMAN. Who died about a year ago?

Mr. COSTELLO. That's right.

The CHAIRMAN. He was originally from Greece, I believe, and had extensive holdings both in Louisiana and in Greece, Mr. Hellis?

Mr. COSTELLO. I didn't get that.

The CHAIRMAN. He had extensive holdings both in Louisiana and in Greece; is that correct?

Mr. COSTELLO. Well, I don't know of his holdings.

The CHAIRMAN. This was in connection with the William Whitely Liquor Co. of London, England, whereby Phil Kastel received an interest in that company for the distribution of Kings Ransom and House of Lords in this country; is that right?

Mr. COSTELLO. I believe so.

The CHAIRMAN. And out of which he made a very substantial amount of money?

Mr. COSTELLO. Well, I don't know what money he made.

The CHAIRMAN. As he so testified in New Orleans. Now, what did you get out of this deal?

Mr. COSTELLO. Nothing.

The CHAIRMAN. You mean you would sign a \$325,000 note and lend your credit to the note for nothing, Mr. Costello?

Mr. COSTELLO. Absolutely nothing; pure friendship.

The CHAIRMAN. Did you receive some compensation for it by virtue of his operation of the slot machines in the Beverly Clubs for you?

Mr. COSTELLO. No, never.

The CHAIRMAN. Who asked you to sign the note—Mr. Kastel?

Mr. COSTELLO. Mr. Kastel.

The CHAIRMAN. You knew him quite well? I mean, you trusted him and knew him, and he was a great friend of yours; is that correct?

Mr. COSTELLO. Correct.

The CHAIRMAN. Then on another occasion you and Mr. Kastel borrowed some money from Mills, didn't you, in order to buy some liquor here in New York?

Mr. COSTELLO. I never borrowed any money.

The CHAIRMAN. Well, weren't you a part of that transaction?

Mr. COSTELLO. No.

The CHAIRMAN. You know the transaction that I am talking about, don't you?

Mr. COSTELLO. I don't know the transaction you are talking about.

The CHAIRMAN. Mr. Kastel testified that—I have a reference to it here somewhere, I will find it—that he borrowed, and I thought that you were a part of the transaction also, \$65,000 from either the Mills Novelty Co. or one of the Mills in the Mills Novelty Co., for the purpose of buying certain whisky that had been confiscated for importation in violation of the laws of the United States from the custom officials or from the officials here in the city of New York. As I recall, he said that you had a part in the transaction, that you signed the note with him; but you don't remember that?

Mr. COSTELLO. I don't remember that; no.

The CHAIRMAN. Would you deny that that is true?

Mr. COSTELLO. I believe I signed the note.

The CHAIRMAN. You did sign the Mills brothers' note also, just as an accommodation to Mr. Kastel?

Mr. COSTELLO. Yes; I imagine I did.

The CHAIRMAN. That was sometime in the 1940's, I believe. Well, we will find the date of that transaction later. But as a matter of fact, wasn't it you that got Mr. Kastel in touch with one of the Mills for the purpose of securing the loan?

Mr. COSTELLO. Not to my knowledge.

The CHAIRMAN. You didn't work out the transaction for him?

Mr. COSTELLO. Not to my knowledge; no.

The CHAIRMAN. Just what took place in that matter? How were you able to buy confiscated liquor or able to help Mr. Kastel buy it?

Mr. COSTELLO. I didn't help him to buy it.

The CHAIRMAN. Well, how did you know about it? You and he worked together.

Mr. COSTELLO. I don't know much about it.

The CHAIRMAN. And the loan was immediately repaid, and again, according to Mr. Kastel, a substantial amount of money—or it was a profitable deal. Did you participate in the profits from that?

Mr. COSTELLO. I had nothing to do with the deal at all.

The CHAIRMAN. Except signing the note?

Mr. COSTELLO. That's right.

The CHAIRMAN. But did he often sign notes for you in reciprocation for your kindness to him in helping him with credits?

MR. COSTELLO. No; I don't believe he ever signed the note for me, to my recollection.

MR. WOLF. Senator, if you are through with us, I would like to ask you a question about it.

THE CHAIRMAN. All right; you ask one now.

MR. O'CONOR. Mr. Wolf.

MR. WOLF. Does that have reference to a \$45,000 loan made by Kastel on a note that was given—

THE CHAIRMAN. It was sixty or sixty-five thousand dollars, I believe, Mr. Wolf.

MR. WOLF. Was that in 1938, Senator?

THE CHAIRMAN. It was after this \$325,000 transaction.

MR. WOLF. Then that was in 1938?

THE CHAIRMAN. Yes.

MR. WOLF. After prohibition was repealed, Senator?

THE CHAIRMAN. I think that's right.

MR. WOLF. Yes. Now, hadn't the whisky that you are referring to—wasn't that whisky—wasn't that 3,000 cases of Scotch whisky that the Alliance Co., which Mr. Kastel was interested in, had and which was being put up for security?

I am trying to get the transaction, Senator.

THE CHAIRMAN. The transaction, as testified to by Mr. Kastel, was that a certain amount of whisky was on the docks, as I remember, in New York, which had been seized by the Government or, anyway, by some public officials, and that for this sixty or sixty-five thousand dollars, they could buy the whisky and make a substantial profit out of it; that Mr. Kastel and Mr. Costello—it might have been Mr. Costello was just an endorser of the note—borrowed the money from either the Mills brothers, or one of the Mills in the concern, and consummated the transaction, paid the money back.

MR. WOLF. I have seen that transaction referred to in a number of proceedings, Senator; and my impression was that that was whisky that the Alliance, a New York concern, was getting from J. G. Turney & Son, a Scotch or English concern that was apparently a company of Whitely, and that whisky was lawfully sent on here. There was some question of customs duties, and for the purpose of releasing those duties a certain amount of money was needed.

THE CHAIRMAN. Well, anyway, it was in the hands of the Federal officials, and Mr. Costello, either as a partner or as an accommodation endorser, did—

MR. WOLF. Senator, I understand that during that transaction, it was necessary for Mr. Costello to raise some money, and Mr. Costello endorsed the note for Mr. Kastel. Is that the transaction—

THE CHAIRMAN. I think Mr. Halley may have the memorandum on that.

MR. HALLEY. What was the date of that transaction?

MR. WOLF. I wanted to get the transaction.

THE transaction that I would have reference to must have been after the spring of 1938.

MR. HALLEY. You mean in the early summer of 1938?

MR. WOLF. Well, it would be after the spring of 1938, and I imagine before the end of 1938.

MR. HALLEY. Thank you. But sometime after, say, the spring? What would you mean by the spring, March 21?

Mr. WOLF. I wouldn't know. I am referring now to a summary I have here of the testimony—not of Mr. Kastel, but of one of the owners of Alliance, who testified and explained that particular transaction.

Mr. HALLEY. Now, let us get back to Mr. Costello.

Do you recall having made an accommodation endorsement for Mr. Kastel some time after the spring 1938, in the year 1938?

Mr. COSTELLO. You have reference to that particular note?

Mr. HALLEY. I am just asking the question. And if you do not understand it, I will have the stenographer read it again.

Mr. COSTELLO. Yes.

Mr. HALLEY. You remember that?

Mr. COSTELLO. Yes.

Mr. HALLEY. Did you make any other endorsements or make any other loans to Kastel during the year 1938?

Mr. COSTELLO. Not that I remember, unless you can refresh my memory.

Mr. HALLEY. Now, it is your testimony that that loan was just out of friendship?

Mr. COSTELLO. Yes.

Mr. HALLEY. You were just doing something nice for Phil Kastel?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you want the committee to believe that?

Mr. COSTELLO. I can't help what the committee wants to believe. I am telling you the truth.

Mr. HALLEY. You are sure you are telling us the truth?

Mr. COSTELLO. Yes.

Mr. HALLEY. You are sure that you are not simply trying to get away with whatever we haven't the records to controverse?

Mr. COSTELLO. I am not trying to get away with anything. I am trying to give you all the information humanly possible.

Mr. HALLEY. Well, let us see if you are trying to get away with something, because I was shocked when you told Senator Kefauver that you signed that note just as an accommodation.

Didn't you have a transaction with Alliance in 1938?

Mr. COSTELLO. Did I have a transaction?

Mr. HALLEY. Yes.

Mr. COSTELLO. If you have reference—I wouldn't call it a transaction—is that they had a talk, there was a talk of giving me the agency.

Mr. HALLEY. Yes, you had a little interest at that point; didn't you, Mr. Costello?

Mr. COSTELLO. I had no interest.

Mr. HALLEY. Yell, you were looking to get something? weren't you?

Mr. COSTELLO. I mean no financial interest.

Mr. HALLEY. Well, you were negotiating for a financial interest?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. You were negotiating for a financial interest; is that right?

Mr. COSTELLO. Well, all right, you may call it that way.

Mr. HALLEY. Well, I do. You do?

Mr. COSTELLO. Yes, if they had given me the agency, it would have been a financial interest.

Mr. HALLEY. And in the spring of 1948, and, as your lawyer has said, sometime after the spring of 1948, weren't you actively negotiating a

contract whereby you would succeed Phil Kastel as the man who got 5 shillings on every case of whisky exported to the United States by the Alliance Distributors?

Mr. COSTELLO. In 1948 or 1938?

Mr. HALLEY. 1938.

Mr. COSTELLO. Yes, I had a talk with a Mr. Haims.

Mr. HALLEY. Did you ever hear of J. G. Turney & Son, Ltd.?

Mr. COSTELLO. Yes.

Mr. HALLEY. And they were the people who had King's Ransom Scotch, weren't they?

Mr. COSTELLO. Right.

Mr. HALLEY. And House of Lords Scotch?

Mr. COSTELLO. Yes.

Mr. HALLEY. And Whiteley's Liqueur?

Mr. COSTELLO. Yes.

Mr. HALLEY. And Auld George, spelled A-u-l-d; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. And do you recall that your negotiation went so far that a contract was drawn up, a contract of agreement made June 24, 1938, between J. G. Turney & Son, Ltd., 48 Strand, London, and Frank Costello, of 72 Central Park West?

Mr. COSTELLO. Well, I recall—yes; I recall that.

Mr. HALLEY. Let me show you—

Mr. COSTELLO. And it wasn't 72 Central Park West.

The CHAIRMAN. Why did you tell me that signing this \$375,000 note was purely an accommodation?

Mr. COSTELLO. That's right, Senator.

The CHAIRMAN. Well, when you were going to get a very large number of shillings on certain types of whisky sent over here from London—

Mr. COSTELLO. That doesn't give me an interest. That just gives me—

The CHAIRMAN. Well, you left the impression with us, both in the executive committee session and here, that you were a Good Samaritan, and that you were being a good friend of Phil Castel, when you make a deal here that would net you millions of dollars, or thousands of dollars, in any event, on a cut of 5 shillings on every case of three or four kinds of liquor that were imported from Scotland or England.

Mr. HALLEY. To be precise, Mr. Chairman, it was 5 shillings on every case to be imported in excess of 50,000 cases in any 1 year; but it was expected, and the staff understands it to be, a very profitable contract. It was, in fact, really an override.

The CHAIRMAN. So that is really the consideration for your generosity in signing those notes, was it not?

Mr. COSTELLO. I don't know what the consideration was. There was never any talk on that subject at all.

The CHAIRMAN. Anyway, the set-up was that by signing the note, Phil Kastel actually became a part owner of the business, did he not? He secured an interest in the business in England. Part of the deal was that after he got into the business in England with the Alliance Distributors, Inc., then you were to have the distributorship in the United States, or at least receive a cut on distribution here in the United States. So that he would have the English side of it, and you

would have the American side; and between you you would do pretty well. That was the deal, was it not?

Mr. COSTELLO. No; that wasn't the deal at all. The deal was, they tried to engage me in that capacity. But that had nothing to do with the note.

The CHAIRMAN. It had nothing to do with the note.

Mr. COSTELLO. The note was just a——

The CHAIRMAN. Anyway, that would have been the result of the transaction if your plans had carried through; he would have been in the company in England, deciding some matters of policy, or at least having something to do with it, and you would have been the principal distributor, or at least receive a cut in the distribution here in the United States of these particular brands of liquor. That would have been the result if you had been able to carry it through?

Mr. COSTELLO. Yes. But that has nothing to do with me signing the note.

The CHAIRMAN. Still, under your generosity in signing a \$325,000 note, and also a \$60,000 or \$65,000 note, what did you expect to get?

Mr. COSTELLO. Nothing.

The CHAIRMAN. Nothing; all right.

Mr. HALLEY. Now, Mr. Costello, you haven't yet told the whole story, have you?

Mr. COSTELLO. What is there else to tell?

Mr. HALLEY. Tell the committee how Phil Kastel was supposed to buy the distillery.

Mr. COSTELLO. I am not going to tell you that, because I have no knowledge of it. I don't know no details; these details.

Mr. HALLEY. You know very well what happened, don't you?

Mr. COSTELLO. No; I don't.

Mr. HALLEY. Is it not a fact that Phil Kastel and Haim, Irving Haim, backed by Hellis, were to buy that distillery, and you were to succeed Phil Kastel as the man who got the big commission?

Mr. COSTELLO. That's no deal at all, Mr. Halley. I have no knowledge of Helis, or Haim, or whatever transaction they were about to have. All I know is, I was offered the overriding.

Mr. HALLEY. How long did you know Haim?

Mr. COSTELLO. Many years.

Mr. HALLEY. He was an old friend of yours; is that right?

Mr. COSTELLO. Yes; just a friend.

Mr. HALLEY. And is it not a fact that Haim went over to England in order to arrange this contract for you?

Mr. COSTELLO. I understand he did.

Mr. HALLEY. And he was a director of the company of Turney's Distilleries, Ltd., at that point, was he not?

Mr. COSTELLO. He must have been.

Mr. HALLEY. He succeeded—it says here in the minutes of the directors, that Mr. Haim made certain suggestions, one of which was, as I read it here, and put in the form of a resolution, that Mr. Frank Costello be appointed the company's personal agent in the United States, to promote and further the sale of the company's brands of whisky.

Were you familiar with that?

Mr. COSTELLO. Well, I was, yes. Not familiar with the details, but I knew——

Mr. HALLEY. General idea?

Mr. COSTELLO. General idea.

Mr. HALLEY (reading) :

And Mr. Costello shall use his best efforts to promote the interests of the company in the United States by personal contact with the wholesale and retail merchants, and the consuming public, by frequenting first-class hotels and restaurants, and asking to be supplied with the company's brands marketed in the United States.

Is that right?

Mr. COSTELLO. Well, that had been my job.

Mr. HALLEY (reading) :

And Mr. Costello shall cast to the Alliance all orders and inquiries for Whiteley's brand received by him; shall act upon any instructions he may receive from Alliance in connection with such brands—

is that right?

Mr. COSTELLO. I imagine so; yes.

Mr. HALLEY (reading) :

And the company shall pay to Mr. Costello a sum at the rate of 5,000 pounds per annum as a contribution toward his expenses, in promoting and furthering the sales of the company's brands in the United States.

Is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY (reading) :

And the company shall pay to Mr. Costello as a commission for his services a sum equal to 5 shillings on every case in excess of 50,000 cases per annum, shipped by the company to the United States of America.

Is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, were you so prominent and popular a man in this country that you could simply, by going into bars and asking for these brands of whisky, stimulate the sales to make it worth \$25,000 a year—5,000 pounds would be \$25,000—and 5 shillings on every case in excess of 50,000?

Mr. COSTELLO. Well, I don't know, Mr. Halley, but they thought so.

Mr. HALLEY. But do you see a certain similarity between this and your wandering around bars, keeping bookies out of Roosevelt Raceway? Do you see a certain pattern that might have appealed to the committee in summing up its impressions of your activities?

Mr. COSTELLO. Well, I don't know what your impression can be.

Mr. HALLEY. Well, what is your impression of what you could do to be worth \$25,000 a year to this distillery, plus the commission, which probably would amount to a tremendous amount, of 5 shillings?

Mr. COSTELLO. I imagine if you got a good brand, Mr. Halley, you don't need no talent, you don't need nothing.

Mr. HALLEY. Well, why would they let you in on this good thing?

Mr. COSTELLO. Why? Well, they thought maybe I was the best man for it, and we were friends.

Mr. HALLEY. Did it possibly have something to do with your ability to persuade bartenders—

Mr. COSTELLO. You don't have to persuade anybody.

Mr. HALLEY. And saloon keepers to buy a certain brand of whisky?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. You didn't have anything to do with anything like that?

Mr. COSTELLO. No. You can go out and sell a hundred cases of Scotch in a minute, and it could be you, it don't have to be me.

Mr. HALLEY. You could. I couldn't, I am sure.

Mr. COSTELLO. I'm sure you could, if you got a good brand and there's a demand for it. You don't need no talent.

Mr. HALLEY. Mr. Costello, let's not have speeches. Isn't it a fact that Haim was buying this distillery at that time?

Mr. COSTELLO. Well, I don't remember the details of him buying it.

Mr. HALLEY. Him and Phil Kastel?

Isn't that the fact?

Mr. COSTELLO. Yes; but I don't know any details. I wasn't interested.

Mr. HALLEY. Well, that was all part of the deal. Haim had been the fellow getting this commission up to 1938, wasn't he?

Mr. COSTELLO. I don't know the details.

Mr. HALLEY. Well, you know that Haim was getting this override on the sale of King's Ransom and House of Lords up to 1938, don't you?

Mr. COSTELLO. I don't know if it was Haim. I thought it was Mr. Kastel.

Mr. HALLEY. You are right. That was a slip on my part. Of course it was Kastel. And then Kastel was giving up this override to you and you were getting the override and Kastel and Haim were buying the distillery; isn't that what the deal was?

Mr. COSTELLO. Yes.

Mr. HALLEY. And naturally, at that point, you would have a very great incentive to sign a note for \$325,000, would you not?

Mr. COSTELLO. I wouldn't remember if I signed the note prior to that particular contract that they were trying to get for me. I wouldn't even remember that.

Mr. HALLEY. Well, that is an evasion, isn't it, Mr. Costello?

Mr. COSTELLO. No; it is not an evasion.

Mr. HALLEY. You certainly had a tremendous incentive to sign that note.

Mr. COSTELLO. I would sign, and I will sign, for any friend of mine that I would trust.

Mr. HALLEY. Well, this wasn't just mere friendship, was it?

Mr. COSTELLO. Certainly, with me it was.

Mr. HALLEY. Isn't it a fact that when you told the chairman, Senator Kefauver, not only today, but at the executive sessions, that you signed that note out of friendship, you were simply evading and trying to mislead the committee so it wouldn't get into the details of this contract?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. Why you didn't speak up and say, "certainly, I signed the note. I signed the note because I had a deal on with him?"

Mr. COSTELLO. Well, you ain't going to put no words in my mouth.

Mr. WOLF. And I may say, Mr. Halley, whatever he was asked about that deal, he has explained about that deal. Now, you can draw your own conclusions, but the fact is that he mentioned that deal whenever he was asked about it, the incompleated deal.

Mr. HALLEY. Now, please, let's have argument at the appropriate time.

Mr. WOLF. It may be an argument in answer to your argument.

Mr. HALLEY. I am going to ask the question and I am going to ask you to stop arguing.

Mr. Costello, you were asked before this committee, were you not, whether or not you ever had any interest in Alliance Distributors or in Kings Ransom, were you not?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you said, "No"?

Mr. COSTELLO. Well, what I meant—I meant financial interest, that I invested money in there, or I was getting revenue out of it.

Mr. HALLEY. And you were up here as a witness who was supposed to be cooperating and giving the committee all the facts so that we could clear you before the public, weren't you?

Mr. COSTELLO. To the best of my knowledge, I am giving you facts.

Mr. HALLEY. And when the committee asked you first about whether or not you had any interest in this whisky company and, second, about the note, didn't it occur to you that in all common honesty it was about time you told the committee about this deal?

Mr. WOLF. No; I object to that form of the question. I don't think it is proper. I don't think it's justified in view of the answers of the witness, Senator.

Senator O'CONOR. Mr. Wolf, we think counsel has a right to ask the witness as to whether or not that isn't a fair interpretation put upon his language, and the witness understands the question. He has already answered it, as a matter of fact, and has a right, of course, to say whether that is a proper or fair inference to be drawn from his answer.

Mr. WOLF. I think the question as to whether or not his answer is a proper answer is to be decided by the committee in determining whether the answer is direct or not to the questions put to him.

Senator O'CONOR. You are correct in that; but at the same time that does have a bearing—

Mr. WOLF. And I think the answers speak for themselves. I think he has answered the questions as they were put to him, and the mere fact that Mr. Halley may think that it was the witness' duty to speak about something that was never asked and might not have even occurred to the witness at the particular time when Mr. Halley knew that the witness had at all times disclosed that information is another thing.

Mr. HALLEY. Now, Mr. Chairman, when counsel said that when this witness told the chairman of this committee, Senator Kefauver, that he made that loan out of pure friendship and had no other motive, and when counsel said this witness was answering the questions fairly as they were put to him, that gets past the word of fair representation and sounds like the words of a mouthpiece.

Senator O'CONOR. Now, the question is a proper one, and that is the point at issue, and the witness will be requested to answer it.

Do you desire the question to be read?

Mr. COSTELLO. Repeat the question.

Senator O'CONOR. Read the question, please.

(The reporter read the question as follows:)

And when the committee asked you, first, about whether or not you had any interest in this whisky company, and second, about the notes, didn't it occur to you that in all common honesty it was about time that you told the committee about this deal?

Mr. COSTELLO. Well, I gave you my answer, the note was an accommodation. It had nothing to do whatsoever with my getting a contract.

Mr. HALLEY. No relation between the two things whatsoever?

Mr. COSTELLO. No relation.

Mr. HALLEY. You want to stand on that answer?

Mr. COSTELLO. Yes.

Mr. HALLEY. You expect the committee to believe it?

Mr. COSTELLO. I can't help what you believe.

Mr. HALLEY. Why did the deal fall through, Mr. Costello?

The CHAIRMAN. I think one observation should be made, Mr. Costello, before you leave that matter. As you were taking over, I believe, the American rights in Kings Ransom and House of Lords and these other brands, were you going to get the same overriding commission that Kastel got? Was that part of the transaction?

Mr. COSTELLO. I don't remember.

The CHAIRMAN. Or was it higher or was it the same? Five shillings as case is a pretty big commission.

Mr. COSTELLO. I wouldn't remember what the actual deal was; 1938 is 13 years ago.

The CHAIRMAN. Anyway, with your friends Kastel and Haim taking over the company, you would have it all in the hands of your friends, so that you could certainly work it out equitably all along the line, couldn't you, if the deal had gone through?

Mr. COSTELLO. Well, I don't know what you mean, Senator.

The CHAIRMAN. What I mean is you wouldn't have any trouble working out a satisfactory transaction with your friend Kastel and Mr. Haim, when they got the English company?

Mr. COSTELLO. Naturally, I imagine we could work it out satisfactorily.

The CHAIRMAN. As I remember, the evidence shows that Phil Kastel got somewhere between \$30,000 and \$50,000 a year out of his overriding contract when he had it. How much did you estimate you were going to get out of it?

Mr. COSTELLO. Well, probably the same.

The CHAIRMAN. Do you know about how many cases of these six or eight brands, or five brands, are sold in the United States per year?

Mr. COSTELLO. No, I wouldn't know.

The CHAIRMAN. Well, you figured it out at the time, didn't you? What was the estimate that you were going to get out of this contract, Mr. Costello?

Mr. COSTELLO. 20—5, \$30,000 a year.

The CHAIRMAN. \$50,000?

Mr. COSTELLO. Well, Mr. Kastel didn't—

The CHAIRMAN. Well, that's about what he had been getting. He told you that, didn't he?

Mr. COSTELLO. I would have to sell 50,000 cases to get more money.

The CHAIRMAN. These are very popular brands. As you say, they don't require an awful lot of selling, do they?

Mr. COSTELLO. Well, they weren't at the time, I imagine.

The CHAIRMAN. But you did have connections where you could even sell more of them, you recall?

Mr. COSTELLO. No connection whatsoever outside of the brand.

The CHAIRMAN. So wasn't, sir, the consideration for you signing this \$325,000 note to have the matter fixed so that they could buy out the distillery, and then when they bought out the distillery, you would naturally become the agent and you would get the \$30,000 to \$50,000 a year; that was the deal, wasn't it?

Mr. COSTELLO. It was not the deal at all.

The CHAIRMAN. It wasn't the deal at all?

Mr. COSTELLO. No.

The CHAIRMAN. Well, the deal couldn't even get started unless the money of \$325,000 was raised, could it?

Mr. COSTELLO. I didn't participate in that deal at all. I had nothing to do with it.

The CHAIRMAN. You didn't have anything to do with them buying out the distillery?

Mr. COSTELLO. I just signed the note and accommodation for Mr. Kastel.

The CHAIRMAN. Why didn't they pass a resolution at the stockholders' meeting to cut you in on it?

Mr. COSTELLO. They weren't cutting me in. They were giving me a job.

The CHAIRMAN. Any way you want to call it. But I think, to the average man, Mr. Costello, in fairness, to be receiving twenty-five to fifty thousand dollars a year—and I expect that was the minimum amount you would have gotten—would be a pretty fair consideration for your putting your name on a note. Don't you think so?

Mr. COSTELLO. I don't connect the two propositions together.

The CHAIRMAN. You don't connect them at all?

Mr. COSTELLO. No; I don't.

The CHAIRMAN. Well, you are a man of substantial means. You do have a good deal of money, don't you? You would be good for the note in case it wasn't paid, wouldn't you?

Mr. COSTELLO. Mr. Helis thought that I was good for it—whether I had it or not.

The CHAIRMAN. Mr. Helis was a very wealthy man, and he signed the note, and he wanted you to guarantee the payment of it or endorse it; was that the situation?

Mr. COSTELLO. That's right. And he thought the more endorsements he had, the better.

The CHAIRMAN. He thought you were good for \$325,000?

Mr. COSTELLO. Well, if I didn't have it, and it was up to me, if I worked 10 years I would have paid him back.

The CHAIRMAN. Well, you knew him pretty well down in Louisiana. He had a lot of oil deals down there at that time, didn't he?

Mr. COSTELLO. That's right.

The CHAIRMAN. And also oil—

Mr. WOLF (interposing). Senator, pardon me. I didn't get that last question.

The CHAIRMAN. I said you knew Mr. Helis quite well in Louisiana, and he had a lot of oil deals, about which there was considerable scandal in Louisiana, and you knew him and you knew what he was worth, and he knew what you were worth and what you could do?

Mr. COSTELLO. He didn't know what I was worth, and I never had any idea what he was worth.

The CHAIRMAN. What was Mr. Helis going to get out of this purchase of the distillery?

Mr. COSTELLO. I wouldn't know.

The CHAIRMAN. Anyway, he was going to sign the note. He wanted you to guarantee it. He thought you were good for \$325,000?

Mr. COSTELLO. He was probably looking for as many things as possible.

The CHAIRMAN. Well, Mr. Costello, you wouldn't risk a substantial part of your fortune on one note for nothing, would you?

Mr. COSTELLO. Yes, I would. For a good friend, I would risk more than that.

The CHAIRMAN. So Kastel was that good a friend?

Mr. COSTELLO. Yes.

The CHAIRMAN. Do you think you would have signed the note if they hadn't agreed to give you £5,000 a year, plus this overriding commission?

Mr. COSTELLO. Absolutely.

The CHAIRMAN. You would?

Mr. COSTELLO. I would.

The CHAIRMAN. All right.

Mr. HALLEY. What happened so that the deal fell through, Mr. Costello?

Mr. COSTELLO. I wouldn't know. I suppose somebody objected, I imagine; I never went into details.

Mr. HALLEY. Well, Haims and Helis' family did buy the distillery, didn't they?

Mr. COSTELLO. I don't know the details.

Mr. HALLEY. Well, you know that, don't you?

Mr. COSTELLO. I don't know the details.

Mr. HALLEY. Well, I will tell you it is so.

Mr. COSTELLO. Well, if you know. You asked me then. I really don't know.

Mr. HALLEY. And what happened to you in the deal?

Mr. COSTELLO. Nothing.

Mr. HALLEY. Somebody objected to your being in it; is that right?

Mr. COSTELLO. Well, I imagine—I heard there was an objection.

Mr. HALLEY. And it came from Helis' attorney, did it not?

Mr. COSTELLO. From somewhere around there, yes—I imagine from Helis' attorney.

Mr. HALLEY. And the contract never was signed; is that right?

Mr. COSTELLO. Never signed, no.

Mr. HALLEY. There was actually a period after the contract was drawn up in June when you really thought you were in the business, didn't you?

Mr. COSTELLO. I don't know exactly the months, but I thought I was going to get the contract.

Mr. HALLEY. You thought you had it, didn't you?

Mr. COSTELLO. No.

Mr. HALLEY. Well, you told somebody you had it, didn't you?

Mr. COSTELLO. Yes.

Mr. HALLEY. In fact, you told an agent of the Treasury Department—the Treasury of the United States of America that you had it?

Mr. COSTELLO. Well, I don't know who I told it to.

Mr. HALLEY. Do you remember being interviewed the next month, that is, in July of 1938, by Special Agent James N. Sullivan, of the Intelligence Unit of the Treasury?

Mr. COSTELLO. Sullivan?

Mr. HALLEY. Yes, in connection with the Torrio case.

Mr. COSTELLO. I don't remember the agent.

Mr. HALLEY. You don't remember?

Mr. COSTELLO. If you refreshen my memory, I will go along with you.

Mr. HALLEY. Well, do you remember being interviewed by anybody in connection with the Torrio case right here in the Federal courthouse?

Mr. COSTELLO. Well, I knew I had a subpoena here at one time.

Mr. HALLEY. You came down and you testified; is that right?

Mr. COSTELLO. I didn't testify.

Mr. HALLEY. You answered questions; is that right?

Mr. COSTELLO. It was a grand jury subpoena. They never brought me in the grand jury.

Mr. HALLEY. But you answered questions; is that right?

Mr. COSTELLO. I imagine I answered questions to whoever the investigator, whoever was in charge.

Mr. HALLEY. And do you remember being asked: "What is your business at the present time?"

Mr. COSTELLO. No, I don't remember that.

Mr. HALLEY. And do you remember saying: "At the present time I have an interest in the Whitely Distillery in Leeds, Scotland"?

Mr. COSTELLO. I don't remember.

Mr. WOLF. What is the date of that, Mr. Halley?

Mr. HALLEY. The date is July 20, 1938. And the testimony was taken by a stenographer I happen to know well, because she was here when I was an assistant district attorney in this office, in the southern district of New York; and she is a very capable stenographer.

Do you remember being asked: "And what is your business at the present time?"

And the answer: "At the present time I have an interest in the Whitely Distillery in Leeds, Scotland?"

Mr. COSTELLO. I don't remember that.

Mr. HALLEY. If a stenographic transcript, statement of Frank Costello, dated July 20, 1938, before James N. Sullivan, special agent, Intelligence Unit; stenographer, I. F. Gold, appears, you wouldn't doubt that it is accurate, would you?

Mr. COSTELLO. Well, I wouldn't doubt it; no.

Mr. HALLEY. Can you think of any reason why you should have stated to Mr. Sullivan, in July of 1938, that: "At the present time I have an interest in the Whitely Distillery in Leeds, Scotland"?

Mr. COSTELLO. Well, if I made that statement, I might have been optimistic.

Mr. HALLEY. You thought the deal was through, didn't you?

Mr. COSTELLO. I might have been optimistic; y. s.

Mr. HALLEY. You signed your note for the \$325,000; is that right?

Mr. COSTELLO. Not for the \$325,000. I just felt optimistic that I might have had, was going to get that particular contract.

Mr. HALLEY. What about this note? You paid your money, in effect, did you not?

Mr. COSTELLO. I answered about the note 40 times, Mr. Halley.

Mr. HALLEY. Answer it once more.

Mr. COSTELLO. All right, let it be the last one.

Mr. HALLEY. Well, we will decide that. You had signed a note, had you not?

Mr. COSTELLO. I have signed a note; yes.

Mr. HALLEY. And then you knew that a contract was drawn up June 24, 1938?

Mr. COSTELLO. There is no relation between the note and the contract.

Mr. HALLEY. And then you told the Treasury agent that you had, "At the present time I have an interest in Whitely Distillery"?

Mr. COSTELLO. Well, if I did, then I was just optimistic that I was going to get that contract.

Mr. HALLEY. And then the lawyer for Mr. Helis objected; is that right; and the whole deal fell through?

Mr. COSTELLO. I don't know who objected. But I know someone objected from Louisiana. It might have been his lawyer.

Mr. HALLEY. Now, did you or did you not retain a secret interest in the Whitely Distillery?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. While we are on the subject of liquor, did you ever have any associations or dealings with Johnny Torrio?

Mr. COSTELLO. No.

Mr. HALLEY. Did you know Johnny Torrio?

Mr. COSTELLO. I met him once or twice.

Mr. HALLEY. Do you remember telling Mr. Hogan, when he asked this question, in the Aurelio proceeding, not the grand jury, but the proceedings before the Supreme Court, before Hon. Charles B. Sears, official referee, at page 117; do you remember when Mr. Hogan said, "Do you know Johnny Torrio?"

And your answer was, "No."

Mr. COSTELLO. I don't remember saying "No."

Mr. HALLEY. Why did you tell him that you did not know Johnny Torrio?

Mr. COSTELLO. I don't know, if I did. But I believe I met the gentleman twice. At the time, maybe I didn't remember.

Mr. HALLEY. But now you remember?

Mr. COSTELLO. Yes.

Mr. HALLEY. What has happened since to freshen up your memory?

Mr. COSTELLO. Well, I don't know what has happened. I just remembered now that I think I met him once or twice.

Mr. HALLEY. The fact is that the purpose of the conference with Intelligence Agent Sullivan was to ask you about Torrio, about your negotiations with Torrio; is that correct?

Mr. COSTELLO. That's right.

Mr. HALLEY. Now, do you remember whether, when you were questioned by the New York State Liquor Authority in 1947—you recall we talked about that yesterday in connection with Mr. Sausser?

Mr. COSTELLO. Yes.

Mr. HALLEY. You remember that you were under oath there, too; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And, of course, you were certainly under oath in the Aurelio proceeding?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you remember being asked there by Mr. Case this question:

"Do you know Johnny Torrio?"

And your answer: "No"?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. You don't. Well, I will read the question: "Do you know Johnny Torrio?"

Answer: "No."

This is on page 11.

Then Mr. Marzullo asked some questions:

Q. Do you ever remember stating that you had conversations with Johnny Torrio in 1932, 1933, and 1934?

A. What is the question again?

Q. Do you remember saying, on July 20, 1938, that you had seen Johnny Torrio several times in the last several years?

A. No, I don't remember saying that.

Q. Do you remember saying on July 20, 1938, that you had several conferences with Johnny Torrio relative to the sale of Prendergast Davies?

A. No.

Q. Have you ever acted as a go-between, and I refer to Irving Haim and Johnny Torrio, in the sale of Prendergast Davies?

A. No.

Q. Did you ever try to effect a meeting between the two?

A. No.

Q. Did Irving Haim ever ask you to introduce him to Johnny Torrio relative to the sale of Prendergast Davies?

A. No."

And there are more.

Why did you tell the New York State Liquor Authority that you had not done these things?

Mr. COSTELLO. Because I haven't done them things.

Mr. HALLEY. Let me read you your conversation with Agent Sullivan in 1938:

Q. Did you have any conversations with Torrio during the years 1932, 1933, and 1934?

A. 1932, 1933, and 1934?

Q. Yes, or 1935?

A. I don't believe I saw Torrio three times in the last 7 years. I don't believe I have seen Torrio in the last 3 or 4 years. I might have had some conversation with Torrio, met him casually.

Q. And did you have any conversation with him with reference to the sale of Prendergast Davies?

The CHAIRMAN. What is that name?

Mr. HALLEY. Prendergast Davies, P-r-e-n-d-e-r-g-a-s-t. D-a-v-i-e-s.

The CHAIRMAN. What is that?

Mr. HALLEY. A liquor company.

A. I believe I did, yes.

Q. When and where did these conversations take place?

A. Well, I couldn't give you the dates, and I could not give you the exact place, but I will give you a little history of it so that you can tell.

Now does this refresh your recollection that you knew Johnny Torrio and had conversations with him about Prendergast Davies?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. You don't remember?

Mr. COSTELLO. No.

Mr. HALLEY. Well, let's go on.

Senator TOBEY. Mr. Halley, who is Johnny Torrio?

Mr. HALLEY. Well, the witness can probably tell you better than I can who Johnny Torrio is.

Senator TOBEY. Who is Johnny Torrio?

Mr. COSTELLO. The owner of Prendergast-Davies. Is that it?

Mr. HALLEY. You know a little more about this Johnny Torrio than we do, don't you, Mr. Costello?

Mr. COSTELLO. I don't know much about him.

Mr. HALLEY. What do you know?

Mr. COSTELLO. Not very much.

Mr. HALLEY. Where did he live?

Mr. COSTELLO. I believe he lived in Brooklyn.

Mr. HALLEY. And what business was he in?

Mr. COSTELLO. Prendergast-Davies.

Mr. HALLEY. What did he do during prohibition?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Was he a bootlegger?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. He was one of the big racketeers in the liquor industry, wasn't he?

Mr. COSTELLO. I wouldn't know who he was.

Mr. HALLEY. During prohibition?

Mr. COSTELLO. I wouldn't know what he was.

Mr. HALLEY. Of course you know. Why don't you tell the truth, Mr. Costello?

Mr. COSTELLO. I am telling the truth.

Mr. HALLEY. You know very well who Torrio was. Isn't that why, when Mr. Hogan asked you, "Do you know Johnny Torrio?" you said, "No"?

Mr. COSTELLO. All I know, what you read about a man. That's not authentic with me.

Mr. HALLEY. What do you know about what you do business with him?

Mr. COSTELLO. I do business with him?

Mr. HALLEY. Didn't you?

Mr. COSTELLO. No.

Mr. HALLEY. Now, look here. Remember that Mr. Hogan was establishing how many racketeers and gangsters you knew when he was examining you in the Aurelio proceeding? For instance, he asked, "Do you know Frank Netti?" And you said, "I know him slightly." He asked, oh, he went down the list of a great many racketeers, Fischetti and Adonis and so on; you remember?

Mr. COSTELLO. Yes, he mentioned quite a lot of names.

Mr. HALLEY. And he said, "Do you know Frank Torrio?" And you said you didn't—Johnny Torrio, you said you didn't know him?

Mr. COSTELLO. Well, at the time maybe I just didn't remember him.

Mr. HALLEY. And then the New York State Liquor Authority asked you, and you said you didn't?

Mr. COSTELLO. That's right.

Mr. HALLEY. But that wasn't just a lapse of memory, was it?

Mr. COSTELLO. It could have been.

Mr. HALLEY. Well, they asked you very expressly and specifically about whether or not you stated that you had conversations in 1932, 1933, and 1934 with Johnny Torrio; do you remember that.

Mr. COSTELLO. I wouldn't remember that; no.

Mr. HALLEY. Well, what was the nature of the proceeding before the New York State Liquor Authority in 1947? Do you remember?

Mr. COSTELLO. I believe it was on Irving Haims, or the Whitely Distillery.

Mr. HALLEY. They wanted to take his license away, didn't they?

Mr. COSTELLO. Well, I assume they did.

Mr. HALLEY. And, in fact, they did it; is that right?

Mr. COSTELLO. Well, I imagine they did. I don't know if they did it or not. I know he's in business.

Mr. HALLEY. He is in business in New Jersey, isn't he?

Mr. COSTELLO. Yes.

Mr. HALLEY. And what he does is have another company and he just ships all the stuff into New York to a relative of his?

Mr. COSTELLO. I don't know his method, how he operates. I wouldn't know that.

Mr. HALLEY. Well, that is the way he evades the ruling of New York State Liquor Authority, Mr. Costello. But in 1947 they were deciding whether or not they should take away Haims' license; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. And, of course, you didn't want to say that your friend, Irving Haims, had dealings with Johnny Torrio; is that right?

Mr. COSTELLO. I don't remember the details at all.

Mr. HALLEY. And the reason was that Johnny Torrio was a racketeer and a notorious one; wasn't it?

Mr. COSTELLO. Well, I don't know. You can call him whatever you want.

Mr. HALLEY. Why were you so shy about remembering these conversations?

Mr. COSTELLO. I wasn't shy at all. I probably didn't remember.

Mr. HALLEY. Do you remember them now?

Mr. COSTELLO. Well, what is it you want me to remember now?

Mr. HALLEY. Do you remember Charley Haims—Irving Haims telling you he would like to buy Prendergast-Davies?

Mr. COSTELLO. I don't remember him telling me that.

Mr. HALLEY. You don't?

Mr. COSTELLO. No. He might have, but just now I wouldn't remember.

Mr. HALLEY. This Brooklyn company that Torrio had?

Mr. COSTELLO. Well, I don't know if it was in Brooklyn or where it was.

Mr. HALLEY. You don't remember that?

Mr. COSTELLO. No.

Mr. HALLEY. You don't remember Haims telling you that he would like to talk to Torrio and negotiate a deal?

Mr. COSTELLO. I wouldn't remember. It's possible. He could have asked me if I knew him, or find out who he is, or make a contact, that he wanted to talk business, but it's 15 years ago. I wouldn't remember details.

Senator TOBEY. Mr. Chairman?

Senator O'CONOR. Senator Tobey.

Senator TOBEY. It looked to me as if this Torrio was notorious; is that right, Mr. Witness? He was a notorious character?

Mr. COSTELLO. Well, so the papers carried him.

Mr. HALLEY. Well, do you remember now about the Pendergast-Davies thing?

Mr. COSTELLO. No; I don't remember it.

Mr. HALLEY. You can't remember that at all?

Mr. COSTELLO. No.

Senator O'CONOR. Is there anything further that the witness desires to say? I had understood, Mr. Wolf, that you were indicating you might have something else.

Mr. WOLF. I simply wanted to know whether or not, after hearing the testimony or the statement he made to Mr. Sullivan, whether or not it does refresh his recollection as to what transpired, and the witness reported to me that he still can't remember any conversations.

Senator O'CONOR. All right. Mr. Halley.

Mr. HALLEY. Now, since 1938, have you had any further dealings with Haims?

Mr. COSTELLO. No.

Mr. HALLEY. You have not had any associations with him or transactions?

Mr. COSTELLO. I don't believe I have had any, Mr. Halley. No; I don't believe so.

Mr. HALLEY. No business?

Mr. COSTELLO. No.

Mr. HALLEY. Has he ever delivered anything to you of value?

Mr. COSTELLO. To me? Not that I remember.

Mr. HALLEY. Would he have had any occasion to bring you any money?

Mr. COSTELLO. No.

Mr. HALLEY. Certainly not enough money for you to be worried about it?

Mr. COSTELLO. Not that I remember.

Mr. HALLEY. Was there any reason why, in 1943, you might have expected a package from Irving Haim?

Mr. COSTELLO. No. There is no reason why I should expect a package.

Mr. HALLEY. Did you habitually exchange gifts?

Mr. COSTELLO. He might have sent me a case of liquor on a holiday, or something.

Mr. HALLEY. Did he ever give you any money?

Mr. COSTELLO. Not that I remember.

Mr. HALLEY. I think I would like to read you a telephone conversation of June 24, 1943, an incoming call to your house, and it was you calling Mrs. Costello. You said, "What time will you definitely be home this afternoon, as I expect a package. Irving Haines"—it says here—"will bring it."

Do you know any Irving Haines?

Mr. COSTELLO. No.

Mr. HALLEY. It must be Irving Haim, I should think.

Mr. COSTELLO. I don't remember.

Mr. HALLEY. You see, a detective sits at this wire-tap apparatus and writes down what he hears. And he wrote down "Irving, I-r-v-i-n-g, Haines, H-a-i-n-e-s."

Now, this was not around Christmas; it is July 24 and, as you frequently pointed out, it goes back to 1943. But would you project your memory and try to think what Irving Haines might have been bringing in a package that would be so important that you wanted your wife definitely to be home?

Mr. COSTELLO. No, I couldn't remember what the occasion would be.

Mr. HALLEY. Was there anything valuable that you have gotten from Irving Haim after 1938, when this deal for Whiteley's fell through?

Mr. COSTELLO. No.

Mr. HALLEY. Well, Mrs. Costello said that she was going to the hospital to see somebody, and a baby—I will leave the name out—but “I will be home by 5 o'clock.” And you said, “Frank: Well, Irving will bring it and it will be in an envelope. You know where to put it.”

What did you mean by that, Mr. Costello?

Mr. COSTELLO. I don't remember that at all.

Mr. HALLEY. Did you have a safe in your house in 1943?

Mr. COSTELLO. 1943, I believe, yes. I believe I had a little strong box.

Mr. HALLEY. Do you keep cash in it?

Mr. COSTELLO. Well, I keep insurance papers and a little cash.

Mr. HALLEY. Do you still have the strong box?

Mr. COSTELLO. Yes.

Mr. HALLEY. How much cash do you have in it today?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Do you have over \$1,000 in it?

Mr. COSTELLO. I imagine I have.

Mr. HALLEY. Do you have over \$10,000 in it?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Is it possible that you have over \$10,000 in it?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Why wouldn't you know how much cash you have in your strong box?

Mr. COSTELLO. Because I have no occasion to look.

Mr. HALLEY. What? You have no occasion to look and see how much cash you have in your strong box?

Mr. COSTELLO. I don't know what cash I have in there, Mr. Halley.

Mr. HALLEY. Do you have \$100,000 in cash in that strong box?

Mr. COSTELLO. I said I would not know.

Senator O'CONNOR. The Chair feels it is necessary to advise the witness that any statement he makes is being made under oath and subjects him to a charge of perjury.

The committee does not feel that the witness is, at this juncture—without passing on other testimony at this time—answering the questions truthfully. Other than to just let it go on, the Chair feels that it is advisable to admonish the witness who has, of course, the benefit of counsel, to be extremely careful in this respect.

Senator TOBEY. Mr. Chairman, why not adopt a policy we adopted about a New Jersey policeman out there; sending one of our good men up to his house, in his presence, and opening the box and counting the money, and getting a certification of it.

Get down to brass tacks here. We have played ducks and drakes enough with this sort of stuff.

Senator O'CONOR. Will the stenographer please read the previous four or five questions.

(The reporter read the previous questions and answers as follows:)

Mr. HALLEY. How much cash do you have in it today?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Do you have over \$1,000 in it?

Mr. COSTELLO. I imagine I have.

Mr. HALLEY. Do you have over \$10,000 in it?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Is it possible that you have over \$10,000 in it?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Why wouldn't you know how much cash you have in your strong box?

Mr. COSTELLO. Because I have no occasion to look.

Mr. HALLEY. What? You have no occasion to look and see how much cash you have in your strong box?

Mr. COSTELLO. I don't know what cash I have in there, Mr. Halley.

Mr. HALLEY. Do you have \$100,000 in cash in that strong box?

Mr. COSTELLO. I said I would not know.

Senator O'CONOR. Mr. Witness, when I commented on it, I want to give you an opportunity, after hearing the questions, to see whether you desire to change it, because that testimony is palpably false. It is an insult to the intelligence of this committee to have those answers stand on the record in that form.

Now, you are given an opportunity to modify it, to change it or to make any statement you desire at this time.

Mr. WOLF. I want to consult with the witness?

Senator O'CONOR. Go ahead.

(Mr. Wolf consults with Mr. Costello.)

Mr. WOLF. I have consulted with the witness, and indicated to him that the answers that he gave, I don't believe he intended to create the impressions that were created with you and with me that, if he intends to answer the question, there should be some definiteness about the answer.

After consulting with the witness, I realized that the answer that he did make was not for the purposes of evasion, but the witness probably was confused between question as to whether he was relying on a constitutional right, or otherwise, or whether you were entitled to have the information.

I have advised Mr. Costello to answer the question directly, and tell you—answer the question directly.

Senator O'CONOR. Very good.

All right, now, Mr. Costello, the question is asked, and you now have an opportunity to make any explanation you desire in regard to it.

Mr. COSTELLO. Well, I wouldn't know exactly, but I might have \$40,000 or \$50,000, \$55,000 in there. I wouldn't know exactly.

Senator O'CONOR. In other words, is the committee to understand that, to the best of your knowledge, the amount of cash that you have in the box is approximately \$40,000 or \$50,000?

Mr. COSTELLO. That's right.

Senator O'CONOR. That's right, Mr. Halley.

Mr. HALLEY. Do you have any other strong boxes in your home or in any bank or in any other place whatsoever?

Mr. COSTELLO. No.

Mr. HALLEY. Is there any other person who holds cash for you?

Mr. COSTELLO. No.

Mr. HALLEY. Is there any other person who is now holding securities or anything of value for you?

Mr. COSTELLO. No.

Mr. HALLEY. Now, Mr. Costello, can you enlighten the committee on what you meant when you told Mrs. Costello:

Irving Haines will bring it, and it will be in an envelope. You know where to put it?

Mr. COSTELLO. No, I can't go that far back and remember.

Mr. HALLEY. You even said, after that; she said, "Yes." Then you said, "If you are not there when he gets there, I will make other plans."

And Mrs. Costello said, "I will be there,—I will be here."

Mr. COSTELLO. No, I don't remember that.

Mr. HALLEY. Is it not a fact that after you, for purposes of the record, stepped out of the Whiteley Distillers deal, contract between yourself and J. G. Turney & Son, Ltd., that you continued to have an interest in Whiteley Distillers?

Mr. COSTELLO. I have never had an interest in Whiteley's.

Mr. HALLEY. Is it not a fact that you have continued to receive money from Irving Haim?

Mr. COSTELLO. No.

Mr. HALLEY. Is it not a fact that money is what was in the envelope that you were expecting to receive from Irving Haim?

Mr. COSTELLO. Absolutely not. I don't even remember the envelope. I don't remember the conversation.

Mr. HALLEY. What could possibly have been in that envelope?

Mr. COSTELLO. Well, I wouldn't know.

Mr. HALLEY. That would be so important that Mrs. Costello would know where to put it, and if she wasn't there when he got there, you would have to make other plans?

Mr. COSTELLO. I don't remember that conversation.

Mr. HALLEY. Do you deny that it took place, Mr. Costello?

Mr. COSTELLO. Thirteen years ago, I just don't remember.

Mr. HALLEY. Perhaps reading it would refresh your recollection (handing a document to Mr. Costello).

Senator O'CONOR. The committee will take a short recess at this time, a recess of 10 minutes.

(Whereupon, there was a short recess.)

Senator O'CONOR. The hearing will please come to order.

Now, just to pick up where we left off, Mr. Wolf, do you have the transcript? I presume you have returned it.

Mr. HALLEY. I have it back.

Senator O'CONOR. Yes.

Now, the witness was being interrogated regarding the contents of the box. Just for the purpose of the record, where was the box located?

Mr. COSTELLO. In my home.

Senator O'CONOR. All right, Mr. Halley.

I think you were engaged in an inquiry on that.

Mr. HALLEY. Mr. Costello, you have now had an opportunity to read the transcript of your telephone conversation of July 24, 1943, at 9:55 a. m., in which you talked to your wife about the package you expected from Irving Haim. After reading it, do you have any further explanation to offer the committee?

Mr. COSTELLO. No. I have been racking my brains, Mr. Halley, and I just can't imagine what sort of a package he could have sent me.

Mr. HALLEY. Well, of course, it says here that it would be an envelope. It says, "Haines"—spelled H-a-i-n-e-s—"will bring it and it will be in an envelope. You know where to put it."

Mr. COSTELLO. I haven't got the least idea. I know I had no business with Mr. Haims, and I can't understand why he should send me an envelope—outside of maybe a case of liquor.

Mr. HALLEY. Well, an envelope would not contain a case of liquor, of course.

Mr. COSTELLO. No.

Mr. HALLEY. And it must have been very important, wouldn't you agree, because you said, "If you aren't there when he gets there, I will have to make other plans." You told that to Mrs. Costello?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. Do you really deny that you had any continuing secret interest in the Whiteley Distilleries?

Mr. COSTELLO. Repeat the question, please.

Mr. HALLEY. Do you really deny that you had any continuing interest in the Whiteley Distilleries?

Mr. COSTELLO. Yes.

Mr. HALLEY. And do you really deny that you had any continuing interest in the distribution of Kings Ransom Scotch?

Mr. COSTELLO. Yes.

Mr. HALLEY. How about Lords Scotch?

Mr. COSTELLO. Yes.

Mr. HALLEY. All right. Do you deny that?

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. You remember, of course, that you told Judge Aurelio that you were interested in the company?

Mr. COSTELLO. Well, if I told—in that particular procedure, if I told him that I had an interest, I had an interest in Mr. Kastel. Mr. Kastel was a friend of mine, and I might have solicited a little business for him. I called it an interest into a friend.

Mr. HALLEY. You actually told Judge Aurelio that it was your liquor. You were serving him Kings Ransom Scotch, weren't you, at your home? Do you remember?

Mr. COSTELLO. No; I don't remember.

Mr. HALLEY. Don't you remember telling him, "This is my liquor"?

Mr. COSTELLO. No; I don't remember telling him that.

Mr. HALLEY. You don't?

Mr. COSTELLO. No.

Mr. HALLEY. Do you remember telling him that you were having trouble getting it into the country because of the war?

Mr. COSTELLO. No; I don't remember that conversation at all.

Mr. HALLEY. What did you tell Judge Aurelio?

Mr. COSTELLO. Oh, I don't know; I don't know what conversation I had with him, to tell him.

The CHAIRMAN. Senator O'Connor, may I ask a question?

Senator O'CONNOR. Senator Kefauver.

The CHAIRMAN. Apparently, Mr. Costello, when Mr. Haims was contesting matters about the cancellation of his license, when the issue was up as to whether he was fit to hold a license before the Liquor Au-

thority here in New York, a copy of an application for a lease that you had made out was put in evidence, and you described yourself as the general manager for the Alliance Distributors—the general sales manager; do you remember that?

Mr. COSTELLO. Yes.

The CHAIRMAN. Well, why did you put your name down as general sales manager for the Alliance Distributors?

Mr. COSTELLO. Well, at the time I was anxious to get an apartment, and I thought I would give the Alliance as reference, and with the expectation also of getting that particular contract I might have told a white lie in order to get an apartment to live in, which I still live at.

The CHAIRMAN. Did you list yourself as general sales manager and sign your name under that?

Mr. COSTELLO. Yes, sir; I might have done that.

The CHAIRMAN. I think we should make it clear, also, that Mr. Haims really got the distillery in Scotland; didn't he? He got the distillery, and Kastel got his interest in it?

Mr. COSTELLO. Well, I wouldn't know the details, Mr. Senator.

The CHAIRMAN. But you know that's true?

Mr. COSTELLO. Well, I wouldn't know the details.

The CHAIRMAN. Didn't you go over there to see about it one time?

Mr. COSTELLO. Europe?

The CHAIRMAN. Yes.

Mr. COSTELLO. No.

The CHAIRMAN. You didn't go to Scotland or England?

Mr. COSTELLO. No.

The CHAIRMAN. Never did?

Mr. COSTELLO. No.

The CHAIRMAN. Mr. Kastel did, didn't he?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Now getting back to Judge Aurelio: He had been at your home, had he not?

Mr. COSTELLO. I don't remember if he had ever been to my home.

Mr. HALLEY. And you don't think he was ever at your home?

Mr. COSTELLO. He might have; I just don't remember offhand now.

Mr. HALLEY. Well, if he stated under oath in a proceeding which involved him that he was at your home, would you deny it?

Mr. COSTELLO. No; I wouldn't deny it.

Mr. HALLEY. And if he stated under oath that at your home you served him either House of Lords or Kings Ransom liquor, would you deny it?

Mr. COSTELLO. No, no; I wouldn't deny that.

Mr. HALLEY. But you don't remember it?

Mr. COSTELLO. I don't remember it.

Mr. HALLEY. And if he stated as follows:

Well, Costello had told me at his home about this distillery, this interest he had in the House of Lords or Kings Ransom, one or both—I don't remember which—when we were drinking it at his home.

Would you deny that you did say that to Judge Aurelio?

Mr. COSTELLO. No; I wouldn't deny it; but I want to make it clear—

Mr. HALLEY. You may give any explanation you desire.

Mr. COSTELLO. I might have said that, tell him I had an interest. I was boasting, and the interest was in Mr. Kastel. And I might have said I had an interest in it.

Mr. HALLEY. Did you have an interest in Mr. Haim?

Mr. COSTELLO. No.

Mr. HALLEY. Of course, you know he continued to own—Haim continued to own the distillery?

Mr. COSTELLO. That's right.

Mr. HALLEY. And it was Haim who on the record owned House of Lords and Kings Ransom; isn't that so?

Mr. COSTELLO. Yes; but my interest at the time was more with Mr. Kastel.

Mr. HALLEY. Well, you must have had some interest in Mr. Haim. I don't want to keep reverting to this envelope that you were expecting from Mr. Haim, but you apparently had some interest in Mr. Haim, too, didn't you?

Mr. COSTELLO. No; I had no interest in Mr. Haim, outside of knowing him and being a friend.

Mr. HALLEY. Now, do you recall whether or not you did tell Judge Aurelio what he said, and I will read it again:

Costello told me at his home about his distillery, this interest he had in the House of Lords or Kings Ransom, one or both—I don't remember which—when we were drinking it at his home.

Mr. COSTELLO. No; I don't remember that, Mr. Halley.

Mr. HALLEY. You understand that there was a proceeding involving Judge Aurelio on October 27, 1943, before the Honorable Charles B. Sears, official referee, in the Supreme Court of New York?

Mr. COSTELLO. Yes.

Mr. HALLEY. And it was a very important proceeding to Judge Aurelio, was it not?

Mr. COSTELLO. Yes.

Mr. HALLEY. And he and you and all the other witnesses were under oath; is that right?

Mr. COSTELLO. Right.

Mr. HALLEY. Can you think of any reason why he should have said this if it didn't happen?

Mr. COSTELLO. No. I have no particular reason to feel that he should have said it.

Mr. HALLEY. Did you ever tell any close friend of yours that you had an interest in House of Lords or Kings Ransom Scotch?

Mr. COSTELLO. I might have.

Mr. HALLEY. Who else?

Mr. COSTELLO. Well, I wouldn't know, but I might have. I might have told even to a saloonkeeper.

Mr. HALLEY. Don't you know anybody except where I can read to you the name off a piece of paper?

Mr. COSTELLO. No; I wouldn't remember any particular person.

Mr. HALLEY. Don't you have any recollection of any matters except where I can practically ram it down your throat, Mr. Costello?

Mr. COSTELLO. No; but you are getting too technical, Mr. Halley. You are going back many years and you want me to give you specifically who I spoke to. If I admit that I spoke to——

Mr. HALLEY. I don't think there is anything technical about the House of Lords and Kings Ransom stuff. It is a very simple matter. Didn't you tell the same thing to Abe Rosenthal?

Mr. COSTELLO. I might have.

Mr. HALLEY. In 1943?

MR. COSTELLO. I might have. I might have told a lot of people. I don't know.

MR. HALLEY. Well, why would you say that?

MR. COSTELLO. Because I had an interest in Mr. Kastel's welfare.

MR. HALLEY. Well, now, is that the same sort of interest that you are now referring to that you claim prompted you to sign a loan for \$325,000 to owe?

MR. COSTELLO. That's right.

MR. HALLEY. And you would go so far as, in effect, to be a four-flusher before your own friend; is that right?

MR. COSTELLO. I don't know if you would call it a fourflusher. Maybe you would call it more crazy than being a fourflusher. I am not a fourflusher.

MR. HALLEY. Isn't it fourflushing to tell somebody you owe something you don't?

MR. COSTELLO. Well, no; no. You might have a reason for it. The reason is that you want to oversell something and even go so far as, for a friend, you go as far as to say, "I have an interest."

MR. HALLEY. Everybody knew Phil Kastel was your friend. You could have said, "Phil Kastel has an interest."

MR. COSTELLO. Well, I might have used both.

MR. HALLEY. As a matter of fact, Phil Kastel was out by then; he went out in 1940, Mr. Costello.

MR. COSTELLO. Well, then, I don't remember the conversation. I am just talking the—I don't remember one of the conversations. I am just telling you that it could have happened.

MR. HALLEY. Mr. Chairman, I know you have advised this witness once on the subject of perjury. But I think this is another time when it would be appropriate to do so.

SENATOR O'CONOR. The witness is admonished that everything that he is saying is being taken down and recorded verbatim; and is, of course, subject to scrutiny and to study by the Senate Committee for proper recommendation to the Senate for possible citation for perjury if, in fact, any of it is false.

That cannot be emphasized too strongly to the witness, and he is expected to answer the questions truthfully and fully.

Will you kindly proceed?

MR. HALLEY. Mr. Costello, during the same proceeding before Judge Sears, on October 26, 1943, Mr. Abe Rosenthal testified. He was then a district leader; is that right.

MR. COSTELLO. 1943, I imagine he was; yes.

MR. HALLEY. And he was a good friend of yours?

MR. COSTELLO. Well, he was a friend; yes.

MR. HALLEY. I read at page 160. The question was:

Q. Did Mr. Costello ever tell you that he was in any other business?

A. I think that while we had a drink at his home, the only occasion that I was to his home, we were drinking some kind of Scotch, and I think he mentioned that he had some interest in that. That would be the distillery business.

Q. Are you quite certain that your recollection is true in that respect?

A. Whether my recollection is true?

Q. Yes.

A. I recall that.

Q. Do you recall that?

A. I do.

Now, Mr. Costello, do you have any doubt that he was telling the truth?

Mr. COSTELLO. Well, I wouldn't remember if he was telling the truth or not. Because I don't remember the conversation I had with him.

Mr. HALLEY. But you do say you might have told him?

Mr. COSTELLO. I might have.

Mr. HALLEY. And Judge Aurelio?

Mr. COSTELLO. I might have.

Mr. HALLEY. And others, that you owned this distillery?

Mr. COSTELLO. I might have.

Mr. HALLEY. Mr. Chairman, I am going to turn to another subject. The committee may have some questions on this subject.

Senator O'CONOR. Senator Kefauver?

The CHAIRMAN. Yes, sir.

Senator O'CONOR. Senator Tobey?

Senator TOBEY. I have no questions on this.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. Well, I would like to ask this question, Senator O'Conor.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. Mr. Costello, the proof shows that you got checks from the Beverly Club in New Orleans payable to you, and that you endorsed them. Did you put them in a bank, or how did you handle them?

Mr. COSTELLO. I deposited them in the bank.

The CHAIRMAN. And have you maintained a bank account all along?

Mr. COSTELLO. Yes, I have a bank account.

The CHAIRMAN. How many bank accounts?

Mr. COSTELLO. Well, I have one bank account, and then we have—what's the new bank, George?

Pardon me, Senator, may I refresh my memory here?

The CHAIRMAN. All right.

(There was a discussion off the record, between Mr. Costello and Mr. Wolf.)

Mr. COSTELLO. And the realty corporation, the New York Trust Co.

The CHAIRMAN. How much do you customarily keep in your bank accounts, Mr. Costello? About how much? About how much do you have in it now?

Mr. COSTELLO. Oh, from ninety to a hundred or so. I haven't had a chance to look.

The CHAIRMAN. Ninety to a hundred, but you haven't looked recently.

Mr. COSTELLO. Well, I haven't got my statement.

The CHAIRMAN. Is that the only bank account you have?

Mr. COSTELLO. Yes, sir.

The CHAIRMAN. I have never heard an explanation, Mr. Costello, of how it was that in 1947 you had apparently gotten some money from Phil Kastel or your brother-in-law, Dudley Geigerman, in New Orleans, and that you were around with \$27,200 in your pocket and you lost it in a taxicab. If you cashed the checks you had, how did you happen to have that in your pocket?

Mr. COSTELLO. That was not checks. That was cash.

The CHAIRMAN. I thought you were always paid by check. The record shows that you were always paid by check.

Did you get some cash dividends in addition to the checks you got?

Mr. COSTELLO. Now, if you look at the records—if you look at your records, Mr. Senator, you just said the Beverly Country Club. I believe the accident happened prior to that.

The CHAIRMAN. It happened, according to this record, February 1, 1946. The Beverly Country Club was incorporated in November 1946. This was February, 1946–1947, I mean. This was sometime after the Beverly Country Club had started.

Mr. COSTELLO. Well, it was——

The CHAIRMAN. Their records show that payments to you were made by check. Mr. Murphy, the treasurer of the Louisiana Mint Co., said that the payments to you from the Louisiana Mint Co. were by check.

Mr. COSTELLO. That's right.

The CHAIRMAN. Where did you get the \$27,200?

Mr. COSTELLO. That was not from the Beverly or no——

The CHAIRMAN. Well, what was it from?

Mr. COSTELLO. It was moneys Mr. Kastel owed me.

The CHAIRMAN. Why would he owe you \$27,200?

Mr. COSTELLO. He didn't owe me \$27,000. He owed me about \$15,000.

The CHAIRMAN. For what, Mr. Costello?

Mr. COSTELLO. Money I had advanced him.

The CHAIRMAN. And he just paid cash?

Mr. COSTELLO. That's right.

The CHAIRMAN. You had been down there and you brought the cash back in your pocket?

Mr. COSTELLO. No; that wasn't it. Mr. Kastel come on to New York and had the cash with him.

The CHAIRMAN. He just gave you \$15,000 a cash?

Mr. COSTELLO. Yes.

The CHAIRMAN. Where did you get the other \$12,200?

Mr. COSTELLO. The other \$12,200 come from my brother-in-law, Dudley Geigerman.

At that particular time I was negotiating a real-estate deal.

The CHAIRMAN. Did he come to New York——

Mr. COSTELLO. And Kastel was coming to New York, and I told him I needed some money—I might need some money, and get whatever my brother-in-law has handy, and he brought me the fifteen he owed me, and the rest from my brother-in-law.

The CHAIRMAN. All in cash?

Mr. COSTELLO. All in cash.

The CHAIRMAN. They had quite a bookkeeping department in the Beverly Club and the Louisiana Mint Co., and it would seem that they would be able to send you a check.

Is that a customary way of their doing business—bringing cash up to you?

Mr. COSTELLO. No. At that particular time they brought up cash, and it was a loan.

The CHAIRMAN. It was a loan.

After you lost it in the taxicab—that is where you lost it?

Mr. COSTELLO. A taxicab.

The CHAIRMAN. You didn't say anything about it for 2 or 3 weeks; did you?

Mr. COSTELLO. Yes, I did.

The CHAIRMAN. What did you do about it?

Mr. COSTELLO. Well, sir, I called up the New Yorker Hotel and I asked for the house detective—a gentleman called Chappie—I had been talking to him prior, I believe at the hotel, and I told him that I had an accident in losing this money and I wanted to know if that particular taximan was stationed there in front of that New Yorker Hotel. So he told me “No,” he didn’t know the cab I got in. He says, “I’ll try and check for you.”

So he called me back a half an hour later. He says, “The money has been found. They are in the station house in Sixty-seventh Street”—I believe he said on the East Side.

The CHAIRMAN. And you had to go to the New York Supreme Court to get the money back?

Mr. COSTELLO. The next day we went down and claimed our moneys.

The CHAIRMAN. Well, it is customary, Mr. Costello, for you to carry sums of money like that around in your pocket?

Mr. COSTELLO. No, not that type of money, no; I was going to deposit that money.

The CHAIRMAN. Can you give us any good reason why they would bring cash up, instead of sending checks—Mr. Kastel, Mr. Geigerman, big businessmen, with auditors and bookkeeping departments? How would they be sending you cash instead of a check?

Mr. COSTELLO. I can’t give you no reason for it, outside of he knew I needed cash, or maybe he figured if he gave me a check it might take a week to clear.

The CHAIRMAN. Not if you had \$100,000 in the bank; it wouldn’t make any difference whether it cleared or not, would it?

Mr. COSTELLO. Well, I don’t believe it would have made much difference, no, but he might have thought different.

The CHAIRMAN. Well, you could write your own check and have cashed it for that amount of money, so you could just deposit your check. Anyone who maintains that big a balance, they never hold up the clearance of a check, do they?

Mr. COSTELLO. Well, I don’t believe that at that time I had that sort of a balance, anyway. But I can’t give no explanation why Mr. Kastel brought the cash. The truth is that he owed me that money—part of that money.

The CHAIRMAN. Except that you had it and lost it in a taxicab?

Mr. COSTELLO. That’s right.

The CHAIRMAN. I think we should also get clear—and we have the records from the Roosevelt Hotel—that you do spend a considerable amount of time every year with several visits usually in New Orleans. We have the record since 1936. The visits run six, five, two, one, one, six, six, four, six, four, four, two, ranging from 91 days in 1945, 89 days in 1943; your 2 years ‘39 and ‘40, where you only had 3 days there, but the others are in the neighborhood of 30 or 40 days that you visited and stayed in New Orleans each year.

Now, is that for the purpose of seeing about your slot-machine and music-box business? Also, the Beverly Club?

Mr. COSTELLO. I think your days are wrong, Senator.

The CHAIRMAN. Well, this apparently is taken from the record of the Roosevelt Hotel. For instance, 1948, four visits, 34 days; 1949–50, that was during that time, two visits, 31 days; 1947, two visits, 19 days; 1946, four visits, 45 days.

The record shows that on occasions you used Kastel's apartment, and on two occasions the hotel bills were charged to room 1252, which is still Kastel's account, and on one occasion in 1945 that you came with Gerald Cottino, of East Orange, N. J. Do you recall that?

Mr. COSTELLO. He was there one season. I believe it was New Year's or carnival season or something.

The CHAIRMAN. And frequent visitors to your room were Billy Christmas and Carlos Marcella; is that true?

Mr. COSTELLO. No.

The CHAIRMAN. You made daily visits to the fairgrounds with Mr. and Mrs. Lou Clayton, Phil Kastel, and Dudley Geigerman—almost daily visits. Do you know whether that is true or not?

Mr. COSTELLO. Yes. I have been to the racetrack there, but I still say your dates are wrong. You got me in New Orleans a little too often.

The CHAIRMAN. How did you handle your hotel bills at the Roosevelt, Mr. Costello?

Mr. COSTELLO. I made a practice to go down there around December 22 or 23. Mrs. Costello would go there probably 3 or 4 days prior. She don't fly; she goes by train; and I stay there for Christmas and New Year's. On New Year's Day or January 2 I would fly back. So that would only be 7 or 8 days. I never stayed any longer.

The CHAIRMAN. Well, I know; but I mean, was your bill charged to Mr. Kastel or to the Beverly Club?

Mr. COSTELLO. I would leave and I would tell Mr. Kastel to pick up my tab. He would charge that, I imagine, to room 560, his apartment, and then when I would go down there I would pay him off.

The CHAIRMAN. So then he would send you an account or something, and you would pay him off?

Mr. COSTELLO. Yes; he would say, "I laid out so much."

The CHAIRMAN. But he would always pay your bill, in any event?

Mr. COSTELLO. Yes.

The CHAIRMAN. Mr. Costello, you were asked in executive session, as I recall, about a telephone call that was either made to you or you made to Commissioner Elrod out in Kansas City, and you said that you didn't remember but you would look the matter up and think it over. Have you thought it over any since then?

Mr. COSTELLO. I have, yes; and I never made that call.

The CHAIRMAN. Do you know him?

Mr. COSTELLO. I don't believe I do.

The CHAIRMAN. Well, now, we have since that time looked the record over and we found that Phil Kastel, for the Beverly Club, made a contribution or bought advertising in some magazine, he said, "Buying space," advertising in the Twenty-fourth Ward Democratic magazine, I believe, in Chicago, which Mr. Elrod had something to with. Would that refresh your recollection?

Mr. COSTELLO. No. Mr. Kastel may have made that contribution. As near as I can remember, I think I met this Elrod once in Toots Shor's. I think I explained that last hearing. But he's no friend of mine.

The CHAIRMAN. But that doesn't refresh your recollection about the call.

We have another record here, Mr. Costello, that you knew Sammy Haas out in Cleveland, a lawyer out there by the name of Sammy Haas.

Mr. COSTELLO. Yes.

The CHAIRMAN. What was your relationship with him?

Mr. COSTELLO. No relationship. I haven't seen him in many, many years.

The CHAIRMAN. In Sammy Haas' record that has come to the attention of the committee, he has listed you as "Frank Costello, care of Reliance Distribution Co., New York." The numbers are Susquehanna 7-1064, and Algonquin 4-4390.

Are those numbers that you have anything to do with?

(No response.)

The CHAIRMAN. What is the Reliance Distributing Co.?

Mr. COSTELLO. Where is it?

The CHAIRMAN. Yes, sir.

Mr. COSTELLO. Well, I believe they are out of business. As Mr. Halley said, they are in Jersey.

The CHAIRMAN. What was your connection with them?

Mr. COSTELLO. I have no connection with the Alliance.

The CHAIRMAN. Would you receive calls there?

Mr. COSTELLO. No. I might have received calls. You are going back now many years, when Mr. Kastel was with the Alliance, at 153 Fifth Avenue.

The CHAIRMAN. Why would you receive calls at the Reliance Distributing Co.?

Mr. COSTELLO. Well, I might have went there to meet Mr. Kastel, and I would tell someone, "If you want me, call me at the Alliance."

The CHAIRMAN. That was Phil Kastel's business?

Mr. COSTELLO. That's right.

The CHAIRMAN. When did he give up that business?

Mr. COSTELLO. Oh, I don't know just when. I couldn't give you no dates.

The CHAIRMAN. According to the records, Sammy Haas called you from Cleveland at one of these numbers. Do you recall that?

Mr. COSTELLO. I don't recall.

The CHAIRMAN. And talked with you.

Mr. COSTELLO. But it is possible. He could have called me. But I don't recall.

The CHAIRMAN. You did do some talking back and forth with him from time to time?

Mr. COSTELLO. I don't recall.

The CHAIRMAN. Do you know where Haas is now?

Mr. COSTELLO. No.

The CHAIRMAN. Have you seen him recently?

Mr. COSTELLO. I haven't seen him in years.

The CHAIRMAN. When we went to Cleveland, we tried to subpoena him, and have been unable to locate him since that time.

We last heard that he was in Jamaica. You have not been in touch with him?

Mr. COSTELLO. No, I haven't seen him in years.

The CHAIRMAN. What business negotiations did you have with Mr. Haas?

Mr. COSTELLO. I never had any business with Mr. Haas.

The CHAIRMAN. Did you know his clients, Dalitz, Kleinman, McGinty, Rothkopf?

Mr. COSTELLO. I know Kleinman.

The CHAIRMAN. You know Kleinman?

Mr. COSTELLO. Yes. That one particular name, I know.

The CHAIRMAN. Did you know him in Florida; did you?

Mr. COSTELLO. I met him in Florida.

The CHAIRMAN. Where did you usually stay in Florida?

Mr. COSTELLO. Jack Tarr's.

The CHAIRMAN. The Chateau——

Mr. COSTELLO. Oh, Florida, pardon me. And I want to add that Kleinman I met also in Jack Tarr's in Hot Springs, Ark.

The CHAIRMAN. Do you have any connection with the New Southern Club that has opened in Hot Springs?

Mr. COSTELLO. No.

The CHAIRMAN. Do you know the manager?

Mr. COSTELLO. The fellow named Phillips owns the restaurant there, I know.

The CHAIRMAN. You know him quite well?

Mr. COSTELLO. Yes.

The CHAIRMAN. Were you in this New Casino when you were in Hot Springs last, or had it been opened then?

Mr. COSTELLO. No.

The CHAIRMAN. Phillips is an old friend of yours, is he not?

Mr. COSTELLO. Well, I catered to his restaurant there, the Southern Grill.

The CHAIRMAN. You had parties there sometimes, didn't you?

Mr. COSTELLO. I don't recall a party. We had dinner and so forth. It is a restaurant.

The CHAIRMAN. That is where the New Southern Club is being operated, is it not?

Mr. COSTELLO. I haven't been there.

The CHAIRMAN. But you heard that?

Mr. COSTELLO. No; I haven't even heard.

The CHAIRMAN. You hadn't heard they had opened up a new gambling place at this place in Hot Springs?

Mr. COSTELLO. No; I haven't been in touch with anybody to tell me.

The CHAIRMAN. All right.

Senator O'CONOR. Senator Tobey.

Senator TOBEY. I have just three questions.

Reverting again to the strong box or safe-deposit vault that you have testified to was in your home, who has access to that strong box?

Mr. COSTELLO. Mrs. Costello.

Senator TOBEY. Has it a combination on the lock?

Mr. COSTELLO. Yes.

Senator TOBEY. Anyone besides Mrs. Costello and you?

Mr. COSTELLO. No.

Senator TOBEY. That is all.

Mr. HALLEY. Mr. Costello, there are just three things I would like to clear up before we take the noon recess.

The first has to do with this business of your buying slot machines. You recall earlier today I asked you about a telephone call you made, first, to Geigerman, and then another one you made right after that to Phil Kastel when he was in Chicago. Do you remember you called

Kastel first in New Orleans, then, immediately after that, you called Geigerman in New Orleans?

Mr. COSTELLO. Well, I don't remember the calls. I remember your asking.

Mr. HALLEY. Remember we talked about it?

Mr. COSTELLO. That's right.

Mr. HALLEY. Having learned that Kastel was in Chicago, you called Kastel in Chicago. You remember talking about that with me this morning?

Mr. COSTELLO. That's right.

Mr. HALLEY. Immediately after you finished talking to Kastel in Chicago the following call took place, and it may help you recollect who Bruno is.

Do you remember I asked you this morning what you meant when you said, "Maybe we can get Bruno on," while you were waiting to talk to Phil Kastel?

Mr. COSTELLO. No; I wouldn't remember, Mr. Halley.

Mr. HALLEY. You would not remember?

Mr. COSTELLO. No; I don't.

Mr. HALLEY. Do you know a man named Joe Bruno?

Mr. COSTELLO. No.

Mr. HALLEY. Who lives in New Brunswick, N. J.?

Mr. COSTELLO. No.

Mr. HALLEY. Who in 1943 lived at No. 220 Livingston Street, New Brunswick, N. J.?

Mr. COSTELLO. No; I don't remember no Bruno.

Mr. HALLEY. Well, at 8:45, immediately after these telephone calls, do you remember the first one was at 8:24 a. m., the second at 8:27, and the third at 8:31.

And then at 8:45 a call was made from your wire to New Brunswick, N. J., to New Brunswick 5742, and the person who made the call said, "Hello, Joe. This is Solly. Frank wants to talk to you."

Could that have been Solly Moretti?

Mr. COSTELLO. It could have been almost anyone, any Solly. I just don't remember the instance.

Mr. HALLEY. Well, what other Sollys can you think of?

Mr. COSTELLO. Well, offhand, I just don't know of any other Solly.

Mr. HALLEY. Solly Moretti is one Solly you do know?

Mr. COSTELLO. Yes, Solly Moretti.

Mr. HALLEY. And you can't think of any others?

Mr. COSTELLO. No.

Mr. HALLEY. Now, Solly said, "Hello, Joe, this is Solly. Frank wants to talk to you."

Then Joe said, "O. K."

Then you got on the wire and said, "Hello, Joe, how do you feel?"

He said, "It's the gall bladder that is bad. I guess I will feel better soon."

You said, "I hope so," and then you said this: "That person called me, and I don't know if they are available to sell them. There is something about the delivery." No; he said that. I am sorry.

And you said, "He is holding out."

Joe then said, "Why not get in touch with Reading, Pa.?"

And you said, "I will do that."

Now, can you think of who "Reading, Pa.," might have been?

Mr. COSTELLO. No, I can't say. My recollection can't serve me that far back.

Mr. HALLEY. What were you wondering about when you were talking about whether they were available to sell now? Was that those slot machines?

Mr. COSTELLO. I can't tell you what I was worried about if I can't remember the conversation, Mr. Halley.

Mr. HALLEY. Well, you remember that according to this transcript, while you were waiting to talk to Phil Kastel, you spoke to somebody and said, "Maybe we can get Bruno on."

Then you had this talk to Kastel in which you said, "Dudley said 162/50. Let's take 20 and eliminate the five. The market is higher than that. Suppose we say 162/50 for 20 and leave five."

And Kastel said, "O. K."

How can you explain that immediately after that, Solly calls this fellow Joe and puts you on, and you get this report from Joe: "That person called me and I don't know if they are available to sell now. There is something about the delivery"?

Mr. COSTELLO. I have no recollection of that particular conversation.

Mr. HALLEY. Did you ever buy slot machines in Reading, Pa.?

Mr. COSTELLO. No.

Mr. HALLEY. Willie Moretti's in this deal on the slot machines with you and Kastel?

Mr. COSTELLO. No.

Mr. HALLEY. Well, what was Solly doing there with you?

Mr. COSTELLO. He might have come up and visited me, have breakfast with me.

Mr. HALLEY. Wasn't it a social visit, Mr. Costello? You turned to him and said, "Maybe we can get Bruno on."

Mr. COSTELLO. I don't know that.

Mr. HALLEY. And it was Solly who called up Bruno and said, "Hello, this is Solly."

Mr. COSTELLO. A 9-year-old conversation, I can't remember that.

Mr. HALLEY. Well, this is pretty important stuff, Mr. Costello.

Mr. COSTELLO. I don't see what is important about a telephone call about slot machines. What's so important about it?

Mr. HALLEY. You told this committee that you didn't do any buying of slot machines. You said you left it to Phil Kastel.

Mr. COSTELLO. I said it and still say I haven't bought.

Mr. HALLEY. You said you didn't handle the negotiation, that the most that might happen might be that Kastel might call up once in a while, and you advised him.

Mr. COSTELLO. That's right, that's right.

Mr. HALLEY. But we have you directing the whole works here. Can you explain it?

Mr. COSTELLO. Well, I haven't directed the whole works.

Mr. HALLEY. You really were Moretti's boss, weren't you, and now I will turn to Willie Moretti.

Mr. COSTELLO. Absolutely not, not more than I was George Levy's boss.

Mr. HALLEY. Well, do you remember on June 24 whether or not Solly Moretti called at 9:45 a. m.?

Mr. COSTELLO. What particular year are you going to now?

Mr. HALLEY. 1943.

Mr. COSTELLO. No; I don't remember.

Mr. HALLEY. Let me read you this one. See what you think of it. Maybe something along the line might refresh your recollection:

9:45 a. m., incoming (Solly out) called Costello. A lady answers the phone and says: In (lady) "Is this Solly Moretti again?"

I guess he was getting to be a pest.

(Out) SOLLY. Yes. Is Frank ready to speak to me now?

(In) Yes. Hold the wire.

Then you got on the wire. "Hello, how are you?"

Solly said, "Fine."

You said, "Is everything O. K.?"

Solly said:

I spoke to Will, and he is very worried about his wife. He took us to a country doctor about the headache, and now she feels worse. He wants to come back and take her to a doctor uptown—

And you said—

No good. He can't come back now. Those friends will be on their way out to visit him.

Solly said, "I understand."

Then you said, "Yes, they will be out there soon."

Solly said, "I wish you would talk to him," and you said, "I will."

Solly said, "I will call him and tell him to expect a call from you," and you said, "Today or tomorrow, I'll call him."

Solly said, "The number is Newhall 31-J, California."

You said, "I know all about it."

Solly said, "O. K., Frank."

Do you remember when Willie Moretti's wife became ill while they were out in California?

Mr. COSTELLO. Yes, I believe I have a recollection she was ill.

Mr. HALLEY. And do you remember Solly calling you up and saying Willie wanted to come home?

Mr. COSTELLO. Yes.

Mr. HALLEY. And do you remember saying, "No, he can't come home"?

Mr. COSTELLO. Well, I wouldn't put it that way. They was trying to persuade him to stay as long as possible because the man was a sick man.

Mr. HALLEY. But it doesn't sound that way. Let me read it. Try again, Mr. Costello. You said, "No good. He can't come back now. Those friends will be on their way out to visit him."

Solly said, "I understand."

Then you said, "Yes, they will be out there soon."

Mr. COSTELLO. No, I don't remember that conversation, Mr. Halley. But I will admit that I tried to persuade him and his wife told me to persuade him and, of course, he wanted to go to race tracks and what not, and he was an ill man, that's all.

Mr. HALLEY. Well, you testified yesterday that your interest in Solly was that his wife spoke to you and asked you to keep Solly out there as a friendly family matter, and here we find that he is anxious to bring his wife back to a doctor in New York and you say "no, they

have got to stay out there, because those friends will be on their way out to visit him."

Mr. COSTELLO. I don't remember that conversation.

Mr. HALLEY. Do you deny that it took place?

Mr. COSTELLO. I am denying nothing, but I am not admitting anything I don't remember.

Mr. HALLEY. Now, Mr. Costello, I want to ask you about one last conversation before lunch and see if you can enlighten us on it. It deals with this Yonkers Raceway, I presume. Maybe you can help us. It took place on July 22, 1943, and the same three detectives from Mr. Frank Hogan's office apparently listened and made these notes.

8:46 a. m. Incoming. A man on the outside called Costello. The man said, "Hello, Frank. Do you recognize the voice?" And you said "No."

The fellow on the outside said, "Yonkers," and you said, "Oh, yes. What's new?"

The fellow on the outside said, "I was out to Long Island yesterday and I met George and he took me around. I want to meet him at 5 o'clock today."

You said, "What does it look like?"

The fellow on the outside said, "I think it's O. K. unless we're told to stop. And as long as it isn't disastrous," and you said, "Nothing will happen."

The fellow on the outside said, "We can be working in the meantime to see what will happen on the other thing," and you said, "How about the other thing?"

The fellow on the outside said, "Fifteen is all right," and you said, "Sure, make your own deal with that fellow."

The fellow on the outside said, "O. K. I will see George and maybe I will catch up with you later."

Now, what is this conversation about? Can you enlighten the committee?

Mr. COSTELLO. I haven't got the least idea.

Mr. HALLEY. Well, did you have any dealings in connection with Yonkers in 1943, other than this conversation with Mr. Levy, which we referred yesterday?

Mr. COSTELLO. Not to my recollection; no.

Mr. HALLEY. You did remember having some conversation with Mr. Levy, I think; when we probed, you remembered there might have been such conversation.

Mr. COSTELLO. There might have been, yes, but I just don't remember the exact—

Mr. HALLEY. And you remember you had told Mr. Hogan before the grand jury that you had a vague recollection of it; do you remember that?

Mr. COSTELLO. Well, I believe I have, yes—if the records show.

Mr. HALLEY. Now, the conversation with Mr. Levy took place on July 29, 1943, but here we have a week previously, on July 22, 1943, this voice calling you and saying, "Do you recognize the voice?" and you say "No." And the voice says, "Yonkers." Do you think the man might have just been unwilling to give you his name on the phone for fear somebody might have been listening?

Mr. COSTELLO. No, I haven't got the least idea.

Mr. HALLEY. And you said, "Oh, yes; what's new?"

It sounds like you expected to hear something about Yonkers doesn't it?

Mr. COSTELLO. I don't know what I could have expected. I never had any interest.

Mr. HALLEY. What were you cooking up about this meet of the Roosevelt Raceway at Yonkers in 1943, Mr. Costello? Just what were you up to?

Mr. COSTELLO. I never was up to anything concerning the Roosevelt or Empire—Yonkers—or whatever you would call it.

Mr. HALLEY. He says, "I was out to Long Island yesterday. I met George and he took me around."

Now, what could that mean? Is that George Levy he is referring to?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. The Yonkers gentleman?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Or is that the George that Levy was talking about when he said to you, "As boss, you should be able to tell them. The way it stands now, you better tell George?" Which George is it?

Mr. COSTELLO. I wouldn't know, Mr. Halley. It's 1943; I can't remember that far back.

Mr. HALLEY. Well, you remembered certain things that happened in 1943 very well.

Mr. COSTELLO. Well, there's things you can remember and things you cannot. Certain things stand out in your mind.

Mr. HALLEY. I remember in our executive sessions, when we got to certain points, you popped right up with the answer.

Mr. COSTELLO. Well, I can't remember everything.

Senator TOBEY. Before you adjourn, I want one thing.

Senator O'CONOR. Senator Tobey.

Senator TOBEY. Mr. Chairman, it's probably in your mind, but I am very anxious to press this matter some time today between the witness and his counsel for a show-down on that statement of net worth and assets and liabilities that he promised us last February. Is that contemplated?

Mr. HALLEY. The Senator told me, with this witness there are the following subjects, major subjects, which still have to be covered—I have made certain notes of them.

One is a summary of his legitimate businesses and his illegitimate businesses.

The second would be his assets and an effort to get at his net assets.

The third would be going fully into his criminal friends and associates.

And finally, of course, we have the entire subject of his political activity.

I had in mind taking them up in that order. And since you have raised the point, Senator Tobey—at 2 o'clock, Mr. Chairman, we have scheduled District Attorney McDonald, of Brooklyn, as a witness, and we had certain other witnesses scheduled for this afternoon, and I was wondering whether or not the committee desires to make any particular arrangement about when to resume Mr. Costello's testimony.

Senator O'CONOR. It had been our thought to start at 2 o'clock, because it was our understanding that definite arrangements had been made with the district attorney, that he would be with us at 2 o'clock.

Mr. HALLEY. Yes.

Senator O'CONOR. And that the witness now could be excused until recalled following that.

Mr. HALLEY. Say tomorrow morning at 9:30?

Senator O'CONOR. Do you think the rest of the afternoon would be—

Mr. HALLEY. We have other witnesses to fill up the afternoon. We might just as well—yes, we have other witnesses scheduled, too.

Senator O'CONOR. Mr. Wolf, would it suit your convenience better to know now whether or not you might be called—whether your client might be called—this afternoon, or would you prefer to be excused until tomorrow morning?

Mr. WOLF. Just as you say, Senator. If you want to continue, it's perfectly all right to continue.

Senator O'CONOR. Yes. It is the desire of the committee to call other witnesses, because definite arrangements had been made as to the appointed times. Mr. Levy has also appeared and desires to be heard. So that it would then be in order for this witness to be excused until tomorrow—unless, Mr. Wolf, you do desire—or your client does—to have anything to say with reference to the unanswered question of yesterday. It's not—

Mr. WOLF (interposing). No, nothing now. I am putting it over until tomorrow. I was going to ask that it be put over until 10 o'clock instead of 9:30 for personal reasons. Nine-thirty is an inconvenient time for me.

Senator O'CONOR. Well, then, if you would desire that Mr. Costello not appear until 10, that would be satisfactory. We will fill in with something else.

Mr. WOLF. So the postponement will give me the opportunity of making the research into the legal problem that I discussed with you.

Senator O'CONOR. That is the very reason that I made mention of that fact: that it might enable you to give attention to that subject, because it is the one unanswered question, and it would be in the interest of everything, we believe, that that be cleared up tomorrow.

Mr. WOLF. I will be glad to do that Senator.

Senator O'CONOR. Well, under those circumstances, then, Mr. Costello could be excused until tomorrow at 10 o'clock.

We will now take a recess until 2 p. m.

(Whereupon, at 12:45 p. m., a recess was taken until 2 p. m.)

AFTERNOON SESSION

(Thereupon, at 2 p. m., the committee resumed.)

Senator O'CONOR (presiding). The hearing will please come to order.

I call to the stand District Attorney McDonald and Assistant District Attorney Helfand.

TESTIMONY OF MILES F. McDONALD, DISTRICT ATTORNEY, KINGS COUNTY, AND JULIUS HELFAND, ASSISTANT DISTRICT ATTORNEY, KINGS COUNTY, N. Y.

Senator O'CONOR. Gentlemen, it is customary to swear all the witnesses. I am sure you will have no objection.

Do you solemnly swear that the testimony you shall give at this hearing shall be the truth, the whole truth, and nothing but the truth, so help you God.

Mr. McDONALD. I do.

Mr. HELFAND. I do.

Senator O'CONOR. Mr. District Attorney, your full name, please?

Mr. McDONALD. Miles F. McDonald.

Senator O'CONOR. Mr. McDonald, what is your official position?

Mr. McDONALD. District attorney of Kings County, N. Y., which is coterminous with Brooklyn.

Senator O'CONOR. And Mr. Helfand, for the record, will you be good enough to give your full name?

Mr. HELFAND. Julius Helfand, H-e-l-f-a-n-d. And I am an assistant district attorney of Kings County, in the office of District Attorney McDonald.

Senator O'CONOR. Mr. District Attorney, how long have you been in the district attorney's office?

Mr. McDONALD. I have been in the district attorney's office, with the exception of a short period in 1945, when I was United States attorney, I have been there 11 years.

Senator O'CONOR. For how long have you district attorney?

Mr. McDONALD. Five years, and approximately two and a half months.

Senator O'CONOR. Now, Mr. Helfand, how long have you been in the office?

Mr. HELFAND. I have been an assistant district attorney for approximately 13 years. For a short time, when I was out in private practice before Mr. McDonald returned, became the district attorney of the county.

Senator O'CONOR. Mr. McDonald, this committee is interested having all information bearing upon the subject matter of our investigation which had to do, of course, primarily, with the use of the facilities in interstate commerce in violation of any of the laws of the country, of the State, or of the Federal jurisdiction.

Have you undertaken an investigation into bookmaking and gambling in your county?

Mr. McDONALD. Yes, sir.

Senator O'CONOR. Will you kindly state to the committee just what brought about that investigation, and just what you did in connection with it?

Mr. McDONALD. Well, in about December, about the 11th of December 1949, and up until about December 23, 1949, a series of articles was published in the Brooklyn Daily Eagle, which is the leading newspaper published in the county.

I have these articles here, if you would care to see them.

Senator O'CONOR. Just have them there, and we will have them marked.

Mr. McDONALD. I will leave them with you.

Senator O'CONOR. And available for reference by yourself, of course, presently, and then subsequently for the information of the committee.

Mr. McDONALD. These articles alleged, among other things that approximately a quarter of a million dollars a week was paid by the gamblers to the police department and that gamblers were infesting the public high schools and public colleges, and inducing the students there to bet on the outcome of the various sporting events that the college itself, and other schools, were engaged in.

It also alleged that there were large and very profitable policy rackets that were operating full blast within the county, and with the knowledge and, at least, the tacit approval of some segment of the police department of the city.

After a careful study of the articles you can only reach one conclusion, that if they were true there was a general breakdown of law enforcement with respect to the gambling interests in the community.

In view of such charges made by a reputable newspaper, I felt that if I were to perform my full duty as district attorney it was necessary to conduct an investigation to ascertain whether these articles were true or whether or not they were false, because if they were false they had to be branded as false; if they were true, every effort had to be made to stamp out the conditions which they alleged existed within the county.

Accordingly, I asked for an extension of the December 1949, grand jury, and assigned Mr. Helfand as chief of the special investigation to conduct the investigation.

Senator O'CONOR. Well, now, Mr. District Attorney, it would be interesting if we could have some general idea of the nature of the conditions as they existed when you instituted the investigation.

Mr. McDONALD. Well, from these articles you will see what the charges were, and I can say that the charges as contained in the articles were substantially correct. They were exaggerated in some instances and in some instances the condition did not exist in certain localities, but substantially the articles published in the Eagle were correct.

At that time there was pending in the court of special sessions in Kings County, which is the court in which the misdemeanors and gambling cases are ultimately tried and finally disposed of, about 500 gambling cases, and they were being received in the gambler's court, which is the court of first instance, at the rate of about 350 a month.

Now, this might lead you to believe that there was an efficient and a thorough investigation and prosecution of gambling cases, but there were various subterfuges being used, such as the accommodation arrest and the stand-in arrest which gave a semblance of activity and of prosecution but where in reality it did not exist to that extent.

At the present time the number of cases has been reduced about almost 50 percent. There are only about 250 gambling cases now, and they are received at the rate of about 200 a month. Now it has gone down to about 218 or 219 a month.

This in itself would not be a real indication of conditions, because it might be that there was a further failure, but I have investigated and found out that the sales of scratch sheets, which is a good indication of the amount of gambling that is going on, has also fallen off

in the community about 50 percent. There is a little tendency now to increase the sales again, but that may be seasonable. But there is a tremendous falling off in that, and I think there has been a substantial falling off in gambling within the county.

Senator O'CONOR. Now, we are anxious, in getting the entire picture, to ascertain if there are any other fields of criminal activity which you think warrant and justify the attention of law enforcement officials.

Mr. McDONALD. Well, I think now one of the greatest problems is the problem of the sale and use of narcotics, particularly by teenagers. There has been a tremendous increase. I know it has concerned all of the law-enforcement agents. It is very dangerous, and it needs a great deal of attention.

Another problem that arises out of that is we have no facilities—really no facilities, State or Federal—to bring about an adequate cure of youthful narcotic addicts.

In addition to that, the water front presents a problem. It's impossible for me to go into that now because we are only in the preliminary stages of our investigation.

Another thing is that we must remain alert and vigorous with respect to gambling. The minute you let up your activities for a minute, it's going to start up and it's going to be practically as bad as it was before. You must keep ever alert and ever active in the suppression of ordinary means of gambling.

There is one thing that has been overlooked a great deal, I think, with respect to the causes of crime, and that is the broken home. That is the great cause of delinquency, and it is the great cause of crime these days. And at the present time there is no adequate means by which a run-away father can be compelled to contribute to the support of his child. They flee across State lines and leave the wife and children at home destitute.

Senator O'CONOR. Of course, there has been enacted the uniform law in certain jurisdictions.

Mr. McDONALD. Well, we sponsored that. We drew it in our office. We sponsored it, and it has been passed in 13 States and two Territories; but there are still 35 States that don't have it, that supply refuge for these people. And as long as men can run away and leave their children to the support of the wife, she has to go out to work, and she leaves the children unsupervised, and crime breeds from that. That's one of the biggest causes; and if you can't cure it by the reciprocal laws, then it has to be dealt with on a Federal basis.

Senator O'CONOR. Mr. District Attorney, we are particularly anxious to ask you some questions with regard to the detailed operations of the gambling groups and gangs, but we would particularly like to invite of you any suggestions that you might have in respect to what either the Congress can do or what, of course specifically, this committee can do in regard to its recommendations for any improvement in the legislative structure, and otherwise.

Mr. McDONALD. I think you have to recommend possibly to the legislature and to the executive department a tightening up of the Federal laws and Federal law enforcement on the question of narcotics. A large amount of the narcotics are imported into this State in violation of Federal laws, and are transported in violation of Federal laws. The local agencies have great difficulty, because of local

laws and their inability to cope with the situation once the narcotic is here.

If you can cut off the narcotic at the source, you are going to make it a great deal easier to suppress the distribution among the youth of the community.

I think you have to make it quite clear by the Federal legislation that the Federal Communications Act—I think it is section 605—does not contain any limitation on State agencies with respect to their right to intercept telephone communications for the purposes of law enforcement—not only to intercept them, but to use telephonic communications to transmit the results of our inquiry.

When our investigation commenced, we created a system whereby, wherever we tapped a wire under a court order, we transmitted the information directly into a central intelligence unit in our own office, whereby we could collate the information immediately.

After that had been in operation for some time, utilities became afraid that they were violating the Federal Communications Act, and they prohibited it.

Consequently, we have to go to the source and put someone in at the field to sit and tap the wire. That frequently leads to a disclosure.

Recently, six of our men were arrested in an adjacent county when they were tapping a wire, and it completely blew up the investigation.

If we can have the other system, so that we can use it for law-enforcement agencies, I think it will be of great benefit. After all, the law breakers use it. They use it with impunity and immunity, and we are deprived of the use of it for our purposes.

I think perhaps you have to extend your Federal law with respect to wire tapping, or create a law permitting use of telephone interceptions for the purposes of wiping out organized crime, syndicated crime and narcotics fields.

It is utterly foolish to close our eyes to what is going on, and not take the weapons at hand.

This is a mechanized age. If we can't use the progress, the other people will far outstrip us.

It is difficult enough to cope with organized crime, without this type of legislation.

Senator O'CONNOR. With regard to horse-race betting, what have you to say, Mr. McDonald?

Mr. McDONALD. Horse racing is designed for the purpose of gambling. You can't get away from it. It is a sport in which gambling is an inherent part. To say that horse racing is created for the purpose of improving the breed of a horse, in a mechanized age like this, is utter hypocrisy.

You can't wipe out gambling as long as you have horse racing, but you can minimize it, and I think you can minimize organized gambling. But the only way you can do it or the only way you can reduce it is by making it unprofitable.

I think you can make it unprofitable if you deprive those engaged in organized gambling of a great deal of the information they have that gives them the advantage over the bettor. That information comes to them from various sources over interstate communications, and if you can cut down on that and prevent them from having this information, if you can prevent them from getting the weights, the

jockeys, the condition of the track—all those things give the professional bettor an advantage. And if it becomes unprofitable, he will quit.

In addition, I think you could stop the interstate transmission of bets and the use of Federal communications systems for bets. If you do that, you would do a great deal to minimize it. You won't wipe out as long as you have horse racing, and as long as you have gambling, large-scale gambling, you will have corruption of some sort or other, either of law-enforcement officers, or those who will participate.

Senator TOBEY. Don't you think it would be helpful to put wire communications all under the Federal Communications Commission, under a system of licenses and reports and fees?

Mr. McDONALD. I think that any method of control that will cut it down will be helpful. If that is the proposed method—I am not familiar enough with it to say it is the proper method, but I think you have to do some sort of supervising of it.

Senator O'CONOR. What have you to say with reference to the operation of the individual bookmakers, as to whether or not there is or should be any different system, different regulation, about them?

Mr. McDONALD. One thing we found out is that the average profit of a bookmaker on racing betting—I am not talking about sports betting; that is entirely different—is between 12 and 15 percent of their gross. When you examine their income tax returns, you find they file a return, and we have seen them, in which they report themselves as betting commissioners.

They report 2 percent of their alleged gross business as their profit. They show no deductions. They just return 2 percent of the net.

Now, that alleged gross is not the true gross. The true gross is their cash transactions.

They don't report the cash transactions. They only report the amount which clears through their bank accounts, which is usually checks.

Senator O'CONOR. And it is a fact, of course, that a substantial amount of the betting is in cash?

Mr. McDONALD. The greater part is cash. It is only the credit accounts that are handled by checks.

Senator TOBEY. That is a weakness of the Internal Revenue Department, beyond peradventure. These crooks across the country—we have seen them—income, \$212,000, expenses, miscellaneous expenses, \$65,000.

You and I have to report every single little thing, but these fellows get away with murder.

It would be of great help if the Internal Revenue Department would make them toe the mark, and before we are through, we are going to have them here and put that into their souls.

Senator O'CONOR. Is there anything further, Mr. McDonald, along that line that you can add?

Mr. McDONALD. Nothing, I think.

Senator O'CONOR. In your inquiries and investigations—splendid as they have been, under your capable direction and that of your zealous assistants, have you been able to get the higher-up—that is, what we would particularly like to ask—whether or not the head man or men have been apprehended, and whether you have found it impossible to reach to them?

Mr. McDONALD. In the rarest instance, the law of New York—I know you are not particularly interested in what local laws are—but the law of New York requires cooperation of accomplices. And crimes such as bribery are rarely committed by anyone with a large audience, and it is very difficult to obtain the necessary cooperation, even after the accomplice has told his story.

As long as you have that prohibition, as long as you have the limited jurisdiction that we have drawn by county lines, and State lines, it is almost impossible to get the higher-ups.

It is easy enough for a man to stay in a foreign State and conduct his operations there, direct his operations, while they are actually being conducted here. It makes it practically impossible.

That is the purpose of using the Jersey headquarters for a large amount of these operations. They stay out of the State of New York. All the bets are taken in the State, and transmitted by phone over to another State.

Senator O'CONOR. Mr. McDonald, in regard to the participation of officers of the law in illegal operations, could the conditions which you have described to have existed in Kings County, continue without the knowledge of members of the law enforcement agencies, and of their connivance?

Mr. McDONALD. I would say that no large-scale gambling operation can be conducted without the knowledge and consent of at least that segment of the police department charged with the enforcement of the gambling laws. And it is only a certain segment that is charged with it.

The average patrolman on the beat is not charged with it. All he can do is report a condition; he can't make an arrest.

The average detective is not charged with it. It is limited entirely to the division which is in control of the high vice and gambling, the plain-clothes division.

I think, in any large-scale operation, they had to know it, and they had to be involved in it to some extent.

Senator O'CONOR. Is there anything further that you can say with regard to the breakdown in law enforcement, or any instances that you can give?

Mr. McDONALD. The breakdown in law enforcement existed in certain respects all over the county. But it was hidden. It was hidden by the practice of the accommodation arrest, and the stand-in arrest.

These are two different types or methods of dealing with the same situation. Mr. Helfand, if you want, when you question him, can elaborate on that.

These are subterfuges by which there is created an impression that there is active law enforcement, yet it amounts to ultimately nothing. The people who are arrested and convicted are put there for a purpose. And when you have a system of enforcement, whereby fines are the usual punishment that is received, the fine becomes merely a license fee which they pay to continue to operate.

Men are afraid of jail, and they won't go to jail. And if you could impose reasonable jail sentences, I think you could stop the stand-in and the accommodation arrest. And then you might have assistance in getting to the higher-up. Because someone will then ultimately

talk and tell the persons for whom they are working, rather than go to jail.

But there wasn't any supervision of the wire-tapping either, by the police department. We made recommendations on that, and that has been remedied now by certain new regulations that have been adopted. So that there will be more supervision of that.

The details of that, Mr. Helfand is more familiar with than I am.

In addition to that, the wholesale transfers that were made in the police department, whenever there was a complaint about inability to cope with gambling, there would be a wholesale transfer of members of the police department charged with the enforcement of the gambling laws.

But if you noticed, after 3 or 4 days, the same groups were all back together again. The group that was complained about in district A would all be together again under the same command in district B, and B would be in A. And all it required was an exchange of information to carry on their work through the new field.

Senator O'CONOR. Have you any specific instances of that that you might picture to the committee?

Mr. McDONALD. Mr. Helfand can give you that.

Senator O'CONOR. Well, now, we would be interested, we think, Mr. McDonald, in any further discussion that you might care to indulge in in regard to the district attorney's approach to this entire matter and what particular difficulties confront you and what is needed in that regard.

Mr. McDONALD. Well, a district attorney is primarily a prosecuting officer; he is not an investigator. He hasn't either the personnel nor the material to carry on investigations in the ordinary course. He has to rely on the police, and if the police don't furnish him with the evidence, don't make the arrests, don't bring it to his attention, there is very little he can do until the public becomes aroused and points out the condition which will enable the district attorney to ask for an additional appropriation to create a special investigation to go ahead, because these kinds of investigations are long, they are tedious, they are difficult, and they are very expensive. And ultimately you sometimes wonder whether it is worth all the effort. But unless you have some sort of a standing supervisory squad over the police department you are not going to get very far.

I think there should be a—like the inspector general's department, of the police department, a staff for the purpose of seeing that the gambling laws are being properly enforced, they shouldn't be policemen, they shouldn't be responsible to anybody in the police department except to the commissioner himself. They should remain anonymous. They should have a separate office. Their names shouldn't even appear on any payroll.

Then maybe with a continuous supervision of that type you might be able to make certain that you have proper law enforcement in that field.

And another thing. I think you have got to give jail sentences——

Senator O'CONOR. I was going to ask you specifically about that, Mr. McDonald. You mentioned before as to the question of having to deal resolutely with the violators of the law, particularly confirmed violators. What have you to say with regard to the policy of sentences, for instance, in Kings County and elsewhere?

Mr. McDONALD. Well, jail sentences have been very rare. Let me give you some examples.

In June 1950, a man—we will call him A—who had been seven times convicted of bookmaking, was sentenced to a \$500 fine or 60 days in jail—that is, alternative—and he was given 3 months in jail, but the sentence was suspended.

On August 9, within a few months afterward, he was again arrested. This time he was again given a \$500 fine or 3 months in jail, and the previous 3 months' sentence that he had been given, the execution of which was suspended, was not enforced. He was permitted to drop that, and again he paid his fine and he walked out, never having served a day in jail.

In November of 1929, B, who had five previous convictions, was sentenced to a \$300 fine or 60 days in jail, and he was given an alternative 3 months' sentence, but again the sentence was suspended.

On August of the next year he was again arrested and he was convicted again, and again he was fined \$500 or 90 days in jail, and again he was given a jail sentence but the jail sentence was again suspended, and the original jail sentence which had been imposed 3 months before was again not enforced.

On June 22, another man who had six previous convictions was fined \$500 and 3 months in jail. In addition, he was given a 6 months' jail sentence, but again the execution of the jail sentence was suspended. On July 6, less than 3 weeks afterward, he was arrested again, and on November 16 he was again fined \$500 and 3 months in jail, but this time he was given the original sentence. The original sentence was executed, but it was limited to 10 days.

So, in those three cases you have people who have violated the gambling law time and time again, learned no lesson, and immediately come out, gone right back in business.

A fine is only overhead, and it ultimately comes out of the profits, and they expect that.

Senator TOBEY. We have the same thing in the District of Columbia courts. We had it in some of the United States courts. This man, Congressman May of Kentucky, who ran a syndicate of convenience and necessity from a piece of paper signed by the authorities into a \$30,000,000 corporation, with his partners Garson, was found guilty—the chairman of the Military Affairs Committee of the House. The judge slapped his wrist with a 6 to 18 months' sentence, and then they let him go in the back door so the photographers couldn't take his picture. You and I would have gone in the front door.

What do the common people of the country look up and say? They hold up their hands in horror and say, "Is this justice? Is this fair play?" And the courts come in ill repute because of it, and I cry out against it.

I can multiply incident after incident in the same situation of insufficient, unjust sentences to people who are guilty as hell, who know better—noblesse oblige—occupy positions of trust in the Government.

The Sergeant at Arms of the House stole \$120,000 from the House. He got the same sentence. It is commonplace down there—6 to 18 months. Let the people cry out against it.

Senator O'CONNOR. Now, it might be of interest, Mr. Helfand, to have the benefit of your knowledge so we can have the whole picture

before us, and then there might be certain questions, Mr. McDonald, if you will be good enough to be available to answer.

Senator TOBEY. May I ask Mr. McDonald a question?

Senator O'CONOR. Yes, indeed, Senator Tobey.

Senator TOBEY. You needn't answer this unless you want to, sir. Since arriving in New York, I have been credibly informed that a policeman brought \$185,000 in large bills to the archgambler, Gross, to have Gross change these large bills to small denominations so that they could be more readily used. Can you confirm this?

Mr. McDONALD. I can't comment about anything in connection with the Gross case at this time because of the secrecy which is imposed by the statutes of the State of New York with respect to grand jury proceedings.

Senator TOBEY. One other question: Did you ever hear that this man, Moran, this colossus that is now the water commissioner—colossus physically only—of New York City, by appointment of the late Mayor O'Dwyer—did you ever hear this man, Moran, who is now water commissioner of New York for a life term, in the mayoralty campaign of 1948-49 went on the road and demanded a cash contribution from many of the gamblers hereabouts to promote the O'Dwyer candidacy, from bookies, and got them in large amounts?

Mr. McDONALD. I have heard stories to that effect; and, as far as evidence, again I can't tell you what is being presented to the grand jury.

Senator TOBEY. You heard the same stories?

Mr. McDONALD. I have heard the stories.

Senator TOBEY. Thank you.

Senator O'CONOR. Mr. McDonald, in connection with the first, that very important matter that Senator Tobey referred to, when the grand jury investigation has been concluded, will it not be your policy to extend every cooperation to this committee, or to any other committee of the Senate or of the House?

Mr. McDONALD. Absolutely, as we have now.

Senator O'CONOR. As you have done so consistently in the past, for which we want to make acknowledgment, because you have manifested a very splendid attitude, which indicates, of course, that your primary aim is to uphold the majesty and the dignity of the law.

Now, Mr. Helfand, will you advise whether in your experience you have found evidence of interstate gambling and interstate crime?

Mr. HELFAND. Yes. Our investigation, Senator, has disclosed considerable evidence of interstate gambling and interstate crime.

As an example of that, I would like to point out that in connection with various sporting events, like basketball, football, and baseball, central offices located in some of the large cities of the United States—Minneapolis, Minn.; Chicago, Ill.; Dallas, Tex.; St. Louis, and other cities—supply information to bookmakers which they use in conducting their gambling and bookmaking operations.

This information, which is purchased by the bookmakers, is commonly known as the "line." The "line" is a complete run-down of the information acquired by bookmakers, which gives them the betting odds to be quoted in taking bets, the line-up of the contestants, and all other pertinent information in connection with the games to be played.

In addition to supplying this information to bookmakers, these organizations in these large cities which I have mentioned also sell this "line" information for the purpose of permitting bookmakers and others to print what is known as gambling cards. These are cards which are distributed amongst persons who wish to bet on sporting events—basketball, football, and baseball. And we found that these cards were purchased through these organizations in the large cities at the rate of \$55 a thousand. These cost about \$5 or \$6 a thousand to print, but they paid that price because of the information they received in making up these cards.

One of the outstanding examples of the viciousness of this practice was the distribution of these cards into the schools of the city of New York. We found that these cards found themselves amongst the students of many of the colleges and high schools in the city.

An outstanding example of this system was disclosed in an investigation we made of the distribution of these cards in the Brooklyn College in Brooklyn, N. Y. We found that a group of mobsters from the East Side of New York, all of whom had criminal records, had engaged the youth and had made as their agent one of the star players of the Brooklyn College basketball team, and he was in charge of the distribution of these cards in the school amongst both the boys and girls, working on a commission for these gamblers. We found, too, that these cards were printed in a printing establishment in Manhattan which was conducted by a man with a long criminal record; that he had previously been convicted of printing counterfeit ration stamps; had previously been convicted of printing obscene literature; and it was in this type of printing establishment that these cards were being printed.

Now, this service, both of the "line" and the purchase of the cards, was conducted both by telephone and Western Union telegram; and it is obvious, therefore, that it was interstate. The cards were shipped by American Railway Express. And, as Mr. McDonald has already pointed out, Federal legislation should be recommended against the shipping and supplying of this type of information and this type of distribution of cards which helps the bookmaker in the distribution of this gambling information.

Mr. McDonald points out to me that we have, as an exhibit here, a type of card, the odds quoted. And this card makes it appealing to the prospective bettor. He selects four out of four of the group of games that are listed on the cards, the odds are 9 to 1; and so on up to 10 out of 11, where the odds are 25 to 1.

But the catch in this gimmick is that any tie game he loses the whole set. In other words, if he selects 10 out of 11, if there is one tie game amongst the 10 selections, and all the others win, he doesn't collect his money; he loses the bet.

And then, of course, you have in the football-card system, and in the basketball-card system, what is known as the point-spread system. The favorite team must win by a certain number of points against its opponent. And even though your selection may win, if it doesn't win by the number of points noted on the card, you lose your wager.

We found in these schools that youngsters were betting anywhere up from a nickel to 50 cents out of their school money on these betting events. And it is my opinion that these gamblers use these youngsters

as their agents to inculcate in them the spirit of gambling when they are young, as prospective bettors when they become adults. It is a vicious practice to reach into the school system by these gangsters and bookmakers, who are using these young people as their agents to distribute these cards on a commission basis.

Senator O'CONNOR. Have you anything further in reference to the functioning of the big-time, big-scale betting operators of other facilities that are used?

MR. HELFAND. Yes. We found that there also was interstate gambling amongst the bookmakers themselves. An illustration of that is this:

Bookmakers, in addition to operating what is known as a horse-room, a place where people can congregate to make their bets right then and there as the races are about to be run, and after each race—and also operate wire rooms—that is a place to which a person can call in a bet on the telephone.

But the large bookmakers maintain a professional office in addition to the horserooms and the wire rooms. The purpose of this professional office is to give them the opportunity to lay off, or to bet off large sums of money which have been bet with them, which they don't wish to book or hold themselves.

We have found that all of the large bookmakers maintain professional offices in most of the large cities in the United States, and that they bet amongst themselves large sums of money, which is the lay-off money that they don't want to hold.

I can illustrate the vastness of this project and the amount of money that is bet off between bookmakers by one simple illustration:

This man Gross has been mentioned here by Senator Tobey. Harry Gross was a bookmaker of considerable size. And it is now a public fact, which came out in the prosecution of Harry Gross which was conducted here recently in the Kings County courts, that on one Saturday afternoon one bookmaker, Harry Gross, bet off \$130,000 on baseball and football games.

I don't say that he is the largest bookmaker. By far, he was not. But multiply the large bookmakers by that kind of money, and you get the scope of this operation of professional gambling amongst professional bookmakers, which I dare say would run into the hundreds of millions of dollars in 1 day.

Senator O'CONNOR. Now, Mr. Helfand, is there anything further with respect to wire rooms or telephone rooms?

MR. HELFAND. Yes. We found too that there was interstate gambling in connection with the set-up in the State of New Jersey. As contrasted with the system of protection which I will discuss later in the State of New York, you had an entirely different method of protection in the State of New Jersey. There the bookmaker didn't make his contact with the law-enforcement agencies or the local police, as we did in the city of New York. There the contact was made with an underworld figure, who was the intermediary between the bookmaker and the local law-enforcement agencies.

We found, and, in fact, we turned over to the authorities in New Jersey, concrete evidence of this situation. We found that bookmakers operating in the city of New York maintained wire rooms in New Jersey at certain localities, and they would make their contact with an underworld figure in those localities on what was known as

a package basis. In other words, one payment was made, a package payment, which included the following: It included the location where the bookmaker was to operate. The underworld character told him that he could operate in the basement of a private house, in the rear of some store, in the freight yard, behind some factory building, or wherever the location was, that was designated.

Also included in the package payment was the rent for that location; and also included in the package payment was the protection from interference from the local police and law-enforcement agencies.

From time to time, the bookmaker would be told where to move, and he would move from one location, as designated by the contact man to do so.

The only other amount that the bookmaker paid in addition to the package payment was for the telephone service.

Now, the admitted price for this type of protection, this package payment, varied from \$150 to \$200 per week per telephone. So that a bookmaker operating four telephones in a location in New Jersey under this system of protection paid anywhere from \$600 to \$800 per week for the four telephones, and I think that multiplied—I am not too good at figures for the moment—that would run into hundreds of thousands of dollars a year for each bookmaker.

Senator TOBEY. Don't you suppose that the telephone companies knew what these telephones were used for?

Mr. HELFAND. I think, Senator Tobey, that that is eminently correct. I think the telephone companies definitely knew, and I think the service given to these bookmakers was obtainable by them on less than 24 hours' notice to the telephone company, where the average citizen couldn't get a telephone for months.

Senator TOBEY. And they get good service?

Mr. HELFAND. Well, I think they get their service pronto. I would put it that way, Senator.

Senator TOBEY. Yes; and you can put that in capital letters, too.

Senator O'CONOR. Was there any definite division or apportionment of the money, so far as the package was concerned, down to the police officers?

Mr. HELFAND. I am not able to say that, Senator O'Conor. I know that was the method of payment. How that was divided, I am not able to say.

Senator O'CONOR. Are you able to say with reference to New York?

Mr. HELFAND. I will come to that later on.

Senator O'CONOR. Very well.

Mr. HELFAND. But I would like to point out, while I am still talking about the New Jersey set-up, that we prosecuted a case in Brooklyn—we prosecuted a bookmaker there for conspiracy, who maintained a wire room in New Jersey and also maintained a place in up-State New York, where his bookkeeper or accountant took care of the books, and it was most significant to find on an examination of the accountant's books, listed the package payment for the New Jersey wire room under the designation of "ice," the commonly understood underworld term for police protection.

There was no breakdown in the figures of this accountant showing how much of the money—in answer to Senator O'Conor's question—went to police protection; but it is significant that the whole package

payment amount was listed in his book as an "ice" payment, and he is one of the bookmakers to whom Mr. McDonald referred, who filed an income tax return listing himself as a betting commissioner, and who paid 2 percent of his alleged gross.

Mr. HALLEY. May I ask a question, Senator?

Senator O'CONOR. Mr. Halley.

Mr. HALLEY. Doesn't it really amount to the fact that after they are subjected to a great deal of pressure in New York City, the bookmakers have moved over to New Jersey, and they have been getting away with murder there?

Mr. HELFAND. Well, I think the pressure in New York City, Mr. Halley, did lead many bookmakers to operate in New Jersey, but I know, too, that bookmakers operated in New Jersey long before the pressure in the city of New York, and wire rooms were a common thing in certain localities in the State of New Jersey.

Mr. HALLEY. And it is still going on?

Mr. HELFAND. I have no personal knowledge of that.

I am informed that a statement appeared in the press today, and I am not attributing it to any authority in New Jersey, but I am just passing it on for what it is worth, that the payments—the amount paid for these package payments in 1 year in the State of New Jersey amounted to some \$90,000,000.

Mr. HALLEY. Well, we have seen a great many telephone tracings that have been made by your own office and by the office of the commissioner of investigation here in New York, and don't they show that the bookmakers who are able to operate in New York are able to do it because of their clearing facilities in New Jersey?

Mr. HELFAND. That is true.

Mr. HALLEY. And then, of course, we have the evidence of the famous Lodi crap game, which banked a million dollars in a month in checks, which went on for 4 or 5 years before it finally ended early in 1950; is that right?

Mr. HELFAND. I have no knowledge with respect to the operation of the Lodi game.

Mr. HALLEY. Well, this committee, of course, has gone into it fully. Thank you.

Senator O'CONOR. I just wanted to see if that figure that has been quoted which you have used of the total amount of betting would in your opinion be a fair estimate, whether that conforms, in other words, to your best information.

Mr. HELFAND. I couldn't tell, Senator.

Senator O'CONOR. I understand that you have—

Mr. HELFAND. On the basis of the operations in New Jersey, because other than my contact in passing on information to New Jersey authorities I have made no investigation with respect to gambling in that State.

Senator O'CONOR. I see.

Mr. HELFAND. I would like to point out in connection with the subject of ice, which I mentioned heretofore in connection with New Jersey, that in a number of instances in Brooklyn, in the county of Kings, in which our investigation was being conducted, where raids were made and bookmakers arrested we found notations in their records and accounts of ice payments which would give some indication of the amount paid for police protection.

In one instance, in a place near the Army base in Brooklyn, and a large segment of the employees of the Army base frequented this luncheonette and restaurant and bet on horse racing there, we found that a raid made at this place disclosed a notation of \$1,200 per month ice for that one place.

Senator O'CONOR. Well, now, in regard to your general investigation having to do with corruption and protection, is there anything you can add to what has been given to the committee by Mr. McDonald?

Mr. HELFAND. Do you refer, Senator O'Connor, to the origin and history of the investigation?

Senator O'CONOR. Yes; I do.

Mr. HELFAND. Yes. I think that, in addition to what Mr. McDonald pointed out in connection with the origin and history of the investigation, I would like to make one point which I think is significant of the difficulties that Mr. McDonald referred to in dealing with an investigation of corruption, particularly where it affects the police department of the city.

In setting up our own independent group to investigate gambling and corruption we enlisted the force of a number of special assistant district attorneys and investigators, and we found that we would need the help of a large number of policemen to help us in our investigation.

After considerable study of the subject it was decided that we would make a request from the police department of the city to assign to our investigation some forty-odd young patrolmen who were then the last group graduating from the police academy, from which police officers are graduated and then sworn in as members of the force.

It was our purpose, most frankly, to enlist the aid of these young patrolmen because we felt that they had no prior apparent ties in the police department and would be free from corruption if they were assigned to help us.

A number of attempts were made in the early days of the investigation to have a superior officer of the police department assigned to supervise the work of these patrolmen. Mr. McDonald rejected, on each occasion rejected, the offer of the assignment of a superior officer, because he honestly felt, and I think the investigation and its results show the wisdom of that decision, that these policemen should be supervised not by someone in the police department but by our own investigating staff itself.

And an outstanding example of what did happen early in the investigation and what might have happened had we taken the supervision of a superior officer, was illustrated in a raid that we conducted in a place known as 110 Flushing Avenue in Brooklyn, the address of which became quite well known in the early days of the investigation. When we raided those premises we found a complete list of the license plates used by the police officers assigned to our investigations and the names of many of these police officers who were operating their own cars in tailing criminals and doing investigating work for us. And it is our information that this same list of license-plate numbers was known to and in the possession of many of the members of the division forces of the police department and passed on to known gamblers for their own information.

So we had to change our entire system of operation with respect to automobiles. We then made an arrangement to hire cars where the license plates would be changed from time to time and they would

not be detected, not only by the gambling and racketeer element but by members of the police department themselves, who were selling this information to gamblers.

Senator O'CONOR. Well, Mr. Helfand, what are the evidences of the fact that the bookmakers were in collusion with the law-enforcement officers, in violation of the law?

Mr. HELFAND. Senator O'Conor, evidence has been submitted to us which clearly indicates that bookmakers have operated with the connivance of police officials. But on this point I must respectfully ask the committee to permit this answer to stand in the general way in which I have made it, without specific amplification, for the reason that our investigation is far from completed and that a disclosure at this time might well impede and interfere with its progress.

And I think you gentlemen can well understand that the point at which this investigation stands, that such a disclosure could but harm the investigation.

So I would like to permit this answer to stand in the general way.

I repeat, however, that evidence clearly indicates that there was connivance with police officials.

Senator O'CONOR. Now, Mr. Helfand, without asking you to give the specific information, as Mr. Halley has indicated before, there is in the possession of this committee certain detailed information bearing upon this very subject matter, in which it is shown that the apportionment might run something like this: division, \$200-\$250 (of course, for each period); chiefs, inspector's office, \$150; assistant chief, inspector's office, \$150 (it formerly was \$200); borough, \$150; commissioner's office, formerly it was paid in the past. Down in the precincts: captains, \$25 a month; three or four lieutenants, \$50 a month; sergeants, \$10 a month; patrolmen, \$5 a man; two plain-clothes, \$15 each; foot patrolmen, \$5 each; supervisors, \$20 each.

Would that conform, in a general way, to information that you have—I don't mean in any specific case, but—

Mr. HELFAND (interposing). Yes, in a general way, Senator, I would confirm that information. But I would say that I believe that the figures that have been quoted by you, as given to you by Counsel Halley, are considerably low.

And I might point out, too, in that connection, Senator O'Conor, that in a court proceeding which we held in Brooklyn in connection with the sentence of a man who had taken numerous arrests, stand-in accommodation arrests, of a well-known bookmaker by the name of Hackmeyer, testimony was given in an open court proceeding which confirms generally the information which you just read, which showed that payments were made on the 1st and 15th of each month to members of the division squad, to the borough squads, consisting of a borough east (which was a part, half of the borough), and a borough west squad, a member of the chief inspector's squad, and to the members of the police commissioner's squad, which then existed; and that those payments covered ice for both locations of horse rooms and wire rooms.

And I might also point out—and I think it's an interesting illustration—that the bookmaker paid for the known locations and wire rooms which he either listed with the police officers or which they knew about, but did not pay for runners.

A runner is an employee of the bookmaker who works in so-called legitimate places of business. He may be a porter, an elevator operator, a clerk behind a luncheonette counter, who gathers small bets from customers and people in his locality and calls them into the wire room of the bookmaker. These runners are not paid by the bookmakers. They cheat. The bookmakers cheat. It's a game of cheating cheaters, the bookmaker cheating from the police and the police cheating from the general public.

It is very interesting to note that one police officer is alleged to have said at one time, when the bookmaker found fault with him arresting his brother—the police officer said, "Why, that's a violation of our contract."

In other words, he wasn't paying for the runner, and so the bookmaker was violating the contract which existed for payments for the locations and the wire rooms.

Senator O'CONNOR. Mr. Helfand, you have made reference, as did Mr. McDonald, to accommodation arrests, stand-in arrests.

Will you give us more detail?

Mr. HELFAND. Yes. Let me explain to you, because I think it is a very interesting situation.

A stand-in arrest is one where a stranger to the bookmaker, although he is paid by the bookmaker to do it, permits himself to be arrested in place and instead of the bookmaker.

In those instances of a stand-in arrest, evidence is in the possession of the police officer of actual bookmaking and violation of the gambling laws. In other words, a police officer actually observes a bookmaker operating in a locality, and has enough legal evidence to make an arrest of the bookmaker.

The bookmaker doesn't want to be arrested, and so he gets someone else to stand in and permits himself to be arrested in his place and stead.

The person who permits that is one who usually does not have a prior criminal record for bookmaking. And it is significant that the fact that the man has a prior criminal record for some other crime is not important. The important thing seems to be whether or not he has previously been arrested for bookmaking, because of the amount of the fine which may be imposed.

One with no criminal record for bookmaking, or very few convictions, will be sentenced to a very small or nominal fine which, of course, is paid for by the bookmaker.

The stand-in arrest is that type of arrest.

The accommodation arrest is different in nature. In that instance, there is no prior evidence of illegal gambling, or violation of the gambling law at all. This is merely an arrangement of convenience. The police officer gets in touch with the bookmaker, either by telephone or in person, and says: "I want you to have someone on the corner tomorrow morning, because I must build up my record on arrests in the locality in which your bookmaking establishment is located. In order to protect you and not arrest you, I must show that I am arresting others."

And so the following morning, or that afternoon, the bookmaker arranges for a stranger, sometimes his clerk or sheet writer, or someone who hangs around one of the local poolrooms, appears on the

corner, and he is arrested by the police officer to accommodate the police officer. And that's where the name comes from.

Senator TOBEY. How prevalent is that practice?

Mr. HELFAND. That practice, Senator Tobey, was prevalent to a great extent at the time we started this investigation. And we discovered it—when I say “we,” Mr. McDonald discovered this to a great extent in 1947, at the time when he recommended to the police commissioner, and to the then mayor of the city of New York, Mr. O'Dwyer, and to the judges of the various courts—

Senator TOBEY. Is that the same O'Dwyer that is now Ambassador to Mexico?

Mr. HELFAND. It is the same person, Senator.

That jail sentences be imposed in these cases because we felt then, as we do now, that the imposition of a jail sentence would prohibit, rather would make it unprofitable for a stand-in or accommodation arrestee to permit himself to be arrested.

I had one instance myself in the courts some years ago, where a man who had taken an accommodation arrest, expecting to be fined, because of some prior criminal record was given a 60-day jail sentence. And he wasn't out the door when he was yelling for the district attorney, because he wanted to tell a story.

The imposition of jail sentences against these men would bring them forward to tell who they were doing these things for. But when they are fined \$50, and the bookmaker sends the \$50 along to be paid, pays for their bail bond, pays for their lawyer, and pays them for taking it, it is just part of the overhead and part of the license to operate, and it won't stop it.

Senator O'CONOR. Mr. Helfand, just summing up, in your opinion as a, well, qualifying prosecutor, do you think that it is possible for a regular bookie to operate in Kings County for any length of time without police protection?

Mr. HELFAND. I say, Senator O'Connor, that is impossible for that to happen, and I don't limit it to the county of Kings.

Senator O'CONOR. I just, of course, took that as an illustration.

Mr. HELFAND. I say that it is impossible for a bookmaker to operate without the protection of the police for more than 48 hours anywhere.

The bookmaker is instantly known to the police officers who are alert and are interested in doing their duty. And when they operate beyond a few days, except in the rare instance of the runner who is cheating in the hall room, in a hallway or a luncheonette, no bookmaker can operate unless he is paying off to the police.

Senator O'CONOR. Senator Tobey.

Senator TOBEY. I only want to make an observation.

What you say, of course, moves us all here very deeply. Feelings come up, mixed emotions; but mostly anger that in our modern civilization these things are possible. But the human heart is wicked and deceitful, and men in those times and in those periods, for the sake of paltry gain, sell their souls and put these into effect.

There is a deeper part in my mind. These men that you mentioned here in these false arrests, these stand-ins, and convenient arrests, and so forth, and the protection that you say exists, and we know it does; we found the same conditions in California and Kansas City and Chicago and Detroit; it's all over the country. It isn't peculiar to

this city here; whether these termites have so weakened the fabric of our citizenship and our civilization, and our form of government, raises the question with me whether it is so undermined that we can get back again on level keel and strengthen the foundations of this Republic, and move forward to new heights of prosperity in this country, and moral integrity.

What do you think about it?

Mr. HELFAND. I think definitely that it can be done, Senator Tobey. I think investigations of this kind—this Senate investigation of which you are a member has made people aware throughout the country that gambling isn't something that you just laugh off, because people are permitted and can bet \$2 on a horse race. I think it has brought a realization to the public, and to the citizenry of this great country that it goes much further than gambling itself; that from gambling, as Mr. McDonald says, comes corruption of public officials. From corruption comes the amassing of large fortunes by the underworld. And from those mass fortunes come the buying up of so-called legitimate businesses, as is evidenced by your investigation in the city of Miami Beach, where it was disclosed that they started to buy up the hotels, the cleaning and dyeing establishments, the valet service, and the laundry companies.

So that if this type of investigation has done nothing else, it has made the public aware that there is a need for vigilance—the type of vigilance as shown by this investigation and, with pardonable pride, that shown by the investigation in Kings County.

It has also brought about a very salutary effect in the organization of crime commissions in various parts of the United States. One crime commission was organized in the city of New York, of very recent date, on the recommendation of the grand jury in Kings County, which is working with our investigation. And great credit is due to County Judge Samuel Leibowitz, who enlisted the aid of far-sighted and interested public spirited citizens in the organization of this Crime Commission.

It is that kind of thing, of making people aware that this condition exists, and trying to eliminate it, that will bring about a reawakening of the moral fiber and a beauty again, and an appreciation of the beauty of morality which might, in the final analysis, bring about what Senator Tobey has mentioned.

Senator TOBEY. What bothers me most about your splendid testimony this afternoon is your allusion to the conditions of the school children over there in Brooklyn, where they are corrupted by these emissaries of evil, these ambassadors of evil, and they begin to think that these things are justified and right and that these things are the norm in America, and they grow up to the stage of adolescence and then become young men and women, and then they have a family life, and this family life has a lower standard of morals, and a lower standard of citizenship. It seems to me that these things go much deeper than anything that we have gone into here, and it seems to me that the great weakness in America is the fact that the American home and the American church have lost a large degree of their influence. Then the question comes, Can it be recaptured?

What we must have—and you will pardon me for saying this, because I feel it in all sincerity—what we need is a revival of the application of the life and teachings of the Master of Men, so that

we who grope will have a feeling of fellowship and understanding for our fellowman, and until that consciousness of virtue lives in America again, I worry about America's future. Do you agree?

Mr. McDONALD. Senator Tobey, spiritual poverty is as much a source of crime as economic poverty, and unfortunately we have turned our educational system over to those who have no belief.

The only norm of conduct for a large segment of our population is: "Will I get caught or won't I? If I won't, it's worth the risk."

And we find that all through a great part of our people today.

Senator TOBEY. Up in New England we had a poet. He is dead now. His name was John Greenleaf Whittier. He had a home up in Swan Lake. He was a great man, and he wrote a passage that I think will always live. He wrote some wonderful things in poetry. He wrote one poem called Problems, and in this poem he commented on the ills of the body, and he closed with a couplet that I want to submit for the record and to the people on radio and television:

But solution there is none,
Save in the rule of Christ alone.

There is the answer. When the hearts of men and women are touched, they take their inspiration from the Master of Men, and then we will have a righteous and a new America, and we will have in this Nation a nation in which "dwelleth righteousness," and, before God, it is high time. [Applause.]

Mr. HELFAND. Are we excused?

Mr. HALLEY. There is just one thing, Mr. Helfand, that I would like to get your expert opinion on.

Before proceeding, may I offer in evidence the tabulation made by the staff of the committee of the annual circulation of scratch sheets. Mr. McDonald, I think, mentioned the decrease during the year 1950.

Senator O'CONOR. He did.

It will be admitted and marked in evidence, Mr. Halley.

Mr. HALLEY. Yes.

(Tabulation of annual circulation of scratch sheets was identified as exhibit No. 24 and is on file with the committee.)

Senator O'CONOR. Is there any specific phase of it, Mr. Halley, that you desire to go into?

Mr. HALLEY. We have tabulated the totals. These are the years, and we added them to get the totals.

I wanted to know from Mr. Helfand whether or not he could in any way explain why the circulation of scratch sheets into your city went from 23,000,000 in 1941 to 42,000,000 in 1946; 40,000,000 in 1947; 34,500,000 in 1948; 35,500,000 in 1949; and 30,000,000 in 1950.

Now, has your work enabled you to observe the incidence of book-making to the extent that it might parallel the sales of these scratch sheets?

Mr. HELFAND. I think Mr. McDonald answered that before. I think that the decrease in bookmaking is indicated by the decrease in the sale of scratch sheets.

One works on the other. Where there are less bookmakers and less places where you can make a bet, less places that are protected by the police, then there are fewer scratch sheets sold.

The tremendous decrease—the decrease in Kings County alone was 50 percent.

Mr. HALLEY. The peak year was 1946, when it was 42,500,000. Do you know whether, from your experience, people buy scratch sheets except to use them for betting on horses?

Mr. HELFAND. Not except if they are curio collectors, they might buy it, but I think everybody else who buys one buys it because he is going to make one or more bets during the year.

Mr. HALLEY. While you have been testifying I have been trying to determine the significance of 29,000,000 scratch sheets in 1950. If you translate that into, say for round figures 30,000,000, and figure 300 racing days a year, that looks to me like 100,000 scratch sheets sold a day.

Now, how much would you say would you think would be a small minimum figure that the average bettor, the type who would buy a scratch sheet, would bet in a day on the races.

Mr. HELFAND. That is difficult to say, Mr. Halley. That depends on a number of things. It depends on whether he wins or loses in the early races he bets on. Let me illustrate something about the fall and increase or decrease of the figures in scratch sheets. In 1949 we found evidence that this bookmaker Harry Gross was operating some 27 horse rooms in the city of New York, in addition to the number of wire rooms, and that he employed some 50 or 60 additional runners. This was a large business running into millions of dollars—\$20,000,000, approximately, a year. In 1950, after the raid when he was arrested and the horse rooms had all been closed up, most of them had been closed when investigation started, the people who had been betting in those horse rooms had no place to bet and so in 27 localities and a number of wire rooms there was no more business going on and it is evident that in that kind of a decrease of the amount of bookmaking, naturally the sale and distribution of scratch sheets decreased along with it.

Mr. HALLEY. Well, in an effort to try to find out how much money a year is bet in horse racing in New York, to get a minimum figure, would it be fair to say that a man who buys a scratch sheet bets \$10 in the course of a day?

Mr. HELFAND. Oh, yes; I think that would be a low figure.

Mr. HALLEY. Well, we are trying to take a safe, conservative minimum.

Mr. HELFAND. I think that would be a low figure during the day.

Mr. HALLEY. Then if you have a hundred sheets a day, that would mean \$1,000,000 bet on the races in New York alone?

Mr. HELFAND. In the city of New York? Again, I say that would be a very low figure.

Mr. HALLEY. But if we took that and multiplied it by, say, the 300 racing days that we figured when we divided the scratch sheets by 300, you would get \$300,000,000 a year bet on the races in New York as a minimum figure?

Mr. HELFAND. A considerably low minimum, and I can again illustrate that by saying that, as I pointed out a moment ago, if one bookmaker like Gross was able to do a business of \$20,000,000 a year, this figure of \$300,000,000 must be low.

Mr. HALLEY. And of course, this is for the year 1950 that we have the 29 million scratch sheets.

Mr. HELFAND. And that is at a time when there weren't too many places operating—at least, with police protection.

Mr. HALLEY. Thank you.

Senator O'CONOR. Now, just before you gentlemen leave, and in closing your testimony, we feel, the committee does, that it is only fair and proper to say that in addition to the important elements in proper law enforcement, that an incorruptible and a dutiful prosecuting attorney and his staff are very important, and we do think in you gentlemen there is a splendid example of that type of efficient and upright and dutiful administration, and we think the county is fortunate in having you and we are obliged to you for your cooperation.

Mr. HELFAND. Thank you very much.

Mr. McDONALD. Thank you, sir.

The CHAIRMAN. Senator O'Connor, before Mr. McDonald and Mr. Helfand leave, may I say that I am very sorry, Mr. McDonald and Mr. Helfand, that I couldn't be here to hear your testimony, Mr. McDonald, and all of your testimony, Mr. Helfand, but I shall read it with great interest, and, of course, I have had the opportunity on previous occasions of talking with you gentlemen and I just want, as one member of this committee, to join Senator Tobey and Acting Chairman Senator O'Connor in paying the very highest tribute to you, Mr. McDonald, and your staff, and Mr. Helfand for the job that you have done in the interest of good law enforcement and decency in your county in the face of many odds. You have done it thoroughly and courageously and I think you have performed a public service that will leave valuable marks for generations to come, such as the evidence of the recent creation of the crime commission that you have referred to.

We also want to thank you again for your generous cooperation with this committee and its staff. You have done more than we have ever asked you to. You have been at our call all of the time and you have given us many valuable suggestions and much useful information, and we are very grateful to you.

Mr. McDONALD. Thank you.

Mr. HELFAND. Thank you, sir.

Senator O'CONOR. I also want to say that joining you—I guess we didn't talk about the judiciary too much—but Judge Leibowitz has certainly cooperated and been very helpful, and we want to thank him and to say that we think he has done a great job also.

We will now call George Morton Levy.

FURTHER TESTIMONY OF GEORGE MORTON LEVY, ATTORNEY, FREEPORT, N. Y.

Mr. Levy, you of course previously have been sworn, and it is not necessary to go through that again?

Mr. LEVY. Oh, yes.

Senator O'CONOR. The committee—the chairman, Senator Kefauver—has been in receipt of a telegram from you which, in accordance to its contents, was read here in the record at the very outset of this morning's hearing; and as Senator Kefauver has insisted from the beginning, any individual who feels aggrieved as a result of any testimony in the case, or any reference to him, has a perfect right to come before the committee and to give any information or to make any statement that he thinks is warranted in the circumstances.

So we are very pleased to afford that opportunity to you, in accordance with your request.

Mr. LEVY. Thank you very much. It wasn't really in connection with my original testimony. It was in connection with what I saw on television in regard to an intercepted wire.

May I see that wire, Mr. Halley, so that I——

Mr. HALLEY. Yes [handing to witness].

Mr. LEVY. I will just take a minute or two to read it.

Senator O'CONOR. Go ahead.

Mr. LEVY. What's the date of that, may I ask?

Mr. HALLEY. It appears at the top of the sheet, Mr. Levy. You may turn to the front page and see the full——

Mr. LEVY. I see it there. Is that the date?

Mr. HALLEY. And the names of the police officers are on the front page.

Mr. LEVY. I don't care about those.

Mr. Halley, have you another copy, so I may use this?

Mr. HALLEY. I have a pretty good idea of it, so you go ahead.

Mr. LEVY. All right; thank you.

Senator O'CONOR. Go ahead, Mr. Levy.

Mr. LEVY. Gentlemen, this alleged conversation, or the intercepted conversation, apparently took place on July 29, 1943.

Senator O'CONOR. May I ask you at the outset to keep your voice up?

Mr. LEVY. Oh, surely.

Senator O'CONOR. Thank you very much.

Mr. LEVY. I will try to.

Now, so that we may have in mind what significance July 29, 1943 had, for several months prior to July 29, 1943, as I referred very briefly in my original testimony, arrangements were being made to combine the trotting interests of New York State into one meet, and that one meet to be held at Yonkers.

The Yonkers track was owned by the Butler interests. I think there were two corporations—I don't recall the name—but the Butler family owned and controlled the Yonkers track. Mr. Luke O'Brien was their general manager, and Mr. O'Brien participated in the conferences with Mr. Hagerty, the Governor's secretary, who more or less supervised the arrangements for getting the three tracks on account of the transportation problems, bus problems, war problems, and what not.

One of the conditions was that the Hambletonian had to take place at Yonkers, otherwise the Butler interests would not rent the track.

Finally, after a long time—and I am trying to shorten it—a lease was entered into with the Butler interests, and the landlord prescribed the conditions, outside of the monetary consideration (which was, I think, half of 1 percent of the handle, or 1 percent, and then I believe they gave that to charity—but that wasn't the important thing) and then they prescribed certain operational details. Those details were, No. 1, as to the employment—and I have the contract here, if you care to see it.

This is the lease between the Empire City Racing Association with William Ellis Gilmore, James J. Dunnigan, the Old Country Trotting Association (which was our pioneer corporation), and they were all doing business under the name of the New York Trotting Meets—I mean this combination.

As to the Saratoga organization, I think Mr. Roland Harriman and William Ellis Gilmore individually handled it, rather than the Association. There was a long letter in which they didn't want to involve the stockholders and the possible obligations and what not. And Dunnigan, from Buffalo—James J. Dunnigan—was the representative of Buffalo; and the representative of Old Country in connection with this was J. Alfred Valentine. And that group filed this certificate of business and entered into the lease with Empire City and entered into the agreement with Mr. William Keene in connection with the Hambletonian. So the three tracks met in conjunction with Keene operating the Hambletonian.

Now, in the restrictions in this lease, which is dated the 13th day of July 1943, the landlord required, among other things—I am not going all through it—I mean the same maintenance crew, and the number of things. But here are some of the things that I think are of interest in connection with my explanation here.

1. They shall contract for at their own expense with the Pinkerton Service for policing. That was a definite requirement of the Butler crowd: that Pinkerton should be the policing agency.

Then there are a number of others: Harry Stevens, Frank Stevens on catering, and rug cleaning, and other details. But that is the important one involved here, and that's the only one I will refer to.

Now, that was signed on July 13th, I believe, of 1943, roughly just 16 days before we opened the meet. And the meet began on July 29, the same date as the telephone call referred to here.

Now, approximately—and this is rough, from recollection—about possibly a week, but it might have been 4 or 5 days, it might have been a little longer than a week, I was playing golf with Costello; and Costello had read apparently in the newspapers that this meet was about to open, this combined meet. And he says "Who is policing your track?"—in substance.

It says, "Pinkerton."

We had already signed this particular lease that I am now referring to.

Well, he says, they have either thrown him out or threatened to throw him out—I am not certain which. I said, "What for?"

He said, "I didn't do anything." He said, "But wherever they police the track, I am not permitted to go."

I said "That's strange. You must have done something."

"Not a thing."

He said. "I've inquired, and no reasons were assigned, or what not." And he said, "I would like to have you do me a favor."

I said, "What can I do?"

He said, "I would like to go up to the opening with a fellow—" if my recollection is right, I think it's a fellow named George Ufner, who was playing golf on that particular day. I am not absolutely certain of Ufner, but I think that is who was there.

And so I said, "What is it you would like to have done?"

"I wish you could intercede with Pinkertons, if George and I could go up to the opening of the track, or within a few days after the opening. I've never seen a trotting race."

"Frank, I'll do what I can for you. I can't see the justice if you haven't done anything or if you can't come up."

Now then, a day or two before the opening of the meet the Pinkerton representatives came down to my office, I believe in Mineola or down to the racetrack, with their proposed contract for the policing of Yonkers. I believe it was a couple of days before that—probably on July 27—because I have the contract with me. I only got it an hour ago. It was sent in here. It is in letter form, by the way, between the Pinkerton Detective Agency and the New York Trotting Meets, which was the designated meet by certificate of business of the three tracks concerned. And they were accompanied on that occasion—I mean Pinkerton was represented by someone whose name I don't know. It sounded, from recollection, it was something on the type of "Grogan," or some name of that kind, but I am not certain who their representative was.

The chairman of the racing commission was there. I don't recall whether Valentine was there or not—I mean our general manager—and the proposed contract offered, and I would just read the pertinent clause—Pinkerton makes this offer in a letter. It is dated July 7, 1943. And Pinkerton says:

We shall furnish service looking to the preservation of law and order, enforcement of State laws, and the rules and regulations of the New York State Harness Racing Commission, and the protection of the patrons and property of the association.

In performing our duties under this agreement, it is understood we shall operate in the same manner as we perform similar service at the various running tracks, namely, that it shall be left to our complete protection as to the policing of the property and as to which individuals may be excluded therefrom, removed therefrom, or admitted thereto, and that in all matters we are acting on your behalf and as your agent.

This arrangement may be canceled by either party, giving written notice to that effect to the other party, said cancellation to be effective 24 hours after giving said notice.

I am only reading those two provisions because those are the two that I think throw a great deal of light on this particular message.

Mr. HALLEY. May the committee see that?

Mr. LEVY. Surely [handing to Mr. Halley].

Mr. HALLEY. Thank you.

Senator TOBEY. Are you through?

Mr. LEVY. Entirely, you mean?

Senator TOBEY. Yes. I will wait until you get through. I thought you were through.

Mr. LEVY. Senator, if you have something to say, I have no objection.

Senator TOBEY. No, no. I thought you had laid down your papers. Excuse me.

Mr. LEVY. No. I just read those two particular provisions.

Senator TOBEY. I see.

Mr. LEVY. I think Dunnigan was present, too, at this time, and whether Ellis Gillmore, the other representative, was there, as we went over the details, I don't recall.

In other words, the argument then started with the representative, that you folks have full and complete power as to who you let in and who you throw out, and if you make any mistakes and you throw out an ultra-respectable person, you are acting as our agents, and the responsibility is ours.

I don't think that is a fair provision in a contract.

Well, that's the only way that they would sign a contract. I think Commissioner Downing at that time—no, that came in later.

Then I asked him specifically—first, the argument was in general, in regard to whether the contract should be changed so that our managers—and we had up there, don't forget this, Ellis Gillmore from Saratoga, a very reputable citizen. I don't know whether Frank Griswold, the attorney for the United States Trucking Co., who was interested financially in Saratoga, was present all the time during that meet, but a great deal of the time. Valentine, our general manager, plus James Dunnigan from Buffalo—"Won't you be willing to modify the clause so that if you think somebody is objectionable, you take it up with these three people and let them decide what they want to do?"

No, they had to have the absolute and definite power.

And there was considerable argument in regard to that particular provision.

Then I said to him concretely, "I understand that Frank Costello is barred from the track. Has he done anything?"

He says, "I don't know whether he has or not."

I said, "Is there any objection if he comes to the track and conducts himself decently, of allowing him to be a spectator?"

He says, "Yes, we don't want him there."

I says, "All right."

Now, don't forget, No. 1, under the lease with Butler, we had to take Pinkerton. Pinkerton hands the contract that Mr. Halley has, under which they have the whole say as to who they let in and who they let out.

Now, I am giving you those conditions, so in the light of those conditions, a telephone call is made to a fellow who has asked me to do a favor to allow him to come up to the track and become a spectator, and I am trying my best not to hurt his feelings too much, but keep him away from that track under those conditions.

Now, bear in mind that thought in connection with this very thing, and I am trying to indicate to him that I have tried as hard as I could to work it out so he could be a spectator at the track.

Now, in the light of that, let's take that intercepted message.

At the time I testified, I completely had no recollection of this until I saw it on television yesterday. It first just awakened a little dim stroke of memory in regard to it, and I commenced to wonder and think it over. And I pieced the thing together, and I think I have about the correct explanation.

"Hello, Frank. This is George Levy. I tried to get you yesterday. Can you be up there today?"

That's July 29, the opening day at Empire City. And I don't think it referred to anything else but whether or not he was coming up to Empire City that day for the races.

He says, "I don't think so. Any day you can, give me a ring." I said, "Have you got a minute, Frank?"

Apparently, I would have preferred to have told him this personally, but with his uncertain answer as to not definitely whether he is coming or not, I didn't want the fellow coming up there and be submitted to humiliation and thrown out by Pinkertons. And, therefore, he says: "Sure."

So I go into it, trying my best, and, very frankly, I don't know whether I exaggerated it or not, but I was trying my best not to hurt his feelings, and let him know he shouldn't come.

This part of the message is definitely confused:

"In Downey's, or Dewey's presence, we were told not to have Mahoney or Walger"—and they have "Walger"—"but to have Pinkertons."

Now, what I think was said, I mean, that makes sense to me—bear in mind, Mahoney was the pioneer pari-mutuel manager of the United States; one of the oldest and most respectable.

Mr. Walder, an eminently respectable man, and a very fine pari-mutuel manager, but just beginning—a much younger man—just beginning, I mean, to become prominent, probably around either 1943 or a year or two later than that.

Now, Dunnigan was the one who insisted that he wanted Walder, because Walder's man, Patterson, had been his pari-mutuel manager up at Buffalo, and therefore Dunnigan, who yielded on this point and other points, and the three interests, I mean, where little operational details conflicted, would yield from time to time one to the other.

And so, therefore, Mort Mahoney, who had always been our pari-mutuel manager, was now to be supervised by Walder. And probably, in an effort to show him that I didn't control the ship, that I didn't control it entirely, I indicated that even our old pari-mutuel manager was not available, or couldn't be had, and that's what I think that reference could be. Because neither Mahoney nor Walder have anything to do with duties of Pinkerton. Pinkerton is policing, and the other two are strictly pari-mutuel managers.

Now—

Pinkerton sent us a contract and it is the goddamnedest thing you ever saw. They can refuse to let in anyone that they choose. John Rogus is all steamed up.

I don't know who John Rogus is. There was a John Rogan, of Rogan & Rogan, attorneys for one branch of the Butler family, who were very active in connection with this deal.

Remember, contracts had to be obtained with Cane, with the two Yonkers corporations, with the Harriman or Wiswall interests at Saratoga; with Gilmore, and with the Duunigan interests, and with ourselves.

So, whether Rogus is a—whether Rogus is intended to be John Rogan—I don't think so, because I don't see how that would have meant a thing to Costello—I mean the lawyer Rogan—or whether or not there is some Pinkerton man by that name, I don't know. So I don't know just who it referred to as "all steamed up."

Now—

Yesterday, we had a meeting in Mineola and Downing said he could see no reason for convicting a man without a fair trial.

I think that specifically came up when I asked this man whether or not Costello could be a spectator at the track, and he said "No", and there was talk about whether it was fair, if a man was conducting himself properly, to just bar him arbitrarily, whether he was doing—where he was doing nothing disorderly or in an illegal manner.

That meant nothing to the Pinkerton representative. He was apparently on the barred list.

I called Empire City for a conference with O'Brien and asked him if we could get our own agency. O'Brien turned it down. So you see, Frank, all Bleakley would have to do is call in the local police and he could stop the meet.

Bleakley was the attorney for one group at Yonkers, and Rogan was the attorney for the other family group.

We did not think we would open today. We saved the thing by putting in a 24-hour cancellation clause—which I see is in there.

If we could only get O'Brien to budge an inch.

We will stop there for a moment. Up to this point it is apparent that I am explaining to him that I am doing my best, but don't come up here—which he apparently regarded as a favor.

We can't jeopardize the bookmakers.

Well, I want to treat that separately, if I may.

We come back to the Pinkertons. Under the contract, they can put off anyone.

They are just so liable to arrest President Roosevelt's wife for prostitution, as not.

Then—

It's like holding up a gun against you. They may have enough pride to step out.

Now, I mean it was obvious that I didn't like the clause in their contract at all, for two reasons: One, I thought it was completely unfair to bar a man for nothing; and, secondly, I didn't think it was fair for them to have all the powers of ingress and egress and control without limitation.

"If they make any errors, you are subject to a suit." I don't recall that at all.

Now, this is me talking: "As boss, you should be able to tell them." Now, that I want to definitely and thoroughly explain.

Senator TOBEY. We would like a lot of explanation on that.

Mr. LEVY. All right, Senator, I will give you the best I can. I don't know whether that will satisfy you or not.

Mr. LEVY. "As boss, you should be able to tell them." Who can the "them" be outside of either the Pinkerton Detective Agency or the Butler interests? The Butlers own, control the track, and the Pinkertons were doing the policing.

The situation at that time was that Costello had either already been kicked out by the Pinkertons or they had threatened to kick him out. So it is obvious he couldn't have had any influence with the Pinkerton Agency and he had asked me to intercede for the purpose of allowing him to be a spectator. So the point there—and Butler in my opinion—I mean, I don't know how farfetched we can get, but I don't think the Butler would have been subjected to any influence by Costello in directing Pinkerton to let him into the track, and the "them" part could only apply to Pinkerton or to the Butlers.

So the point there is an illustration, as boss, as employer—we were the employers of Mr. Pinkerton. We should have had the privilege of telling him what to do. Instead of that, if you look at that contract, they are telling us what to do.

So the illustration is made, "As boss, you should be able to tell them." That has no more significance, as far as Costello being boss, than my being boss of this committee. There isn't the slightest possible connection between them—"As boss, you should be able to tell them," indicating by illustration, because it is obvious I was irritated at the situation, "as boss," we, either I or Ellis Gilmore or one of the

people to this contract, should be able to tell Pinkerton what to do. But to the contrary, if you read that contract, Pinkerton tells you exactly what to do.

Now, as for "Pete, he does not want to go in the pari-mutuel department," this has stimulated my recollection.

Mr. HALLEY. You skipped a sentence.

Senator O'CONOR. You skipped one line.

Mr. LEVY. Oh, he says, "O. K."

Mr. HALLEY. No; you said something after "As boss."

Mr. LEVY. What is that, Mr. Halley?

Mr. HALLEY. That was all one sentence.

Mr. LEVY. Oh, "As boss, you should be able to tell them. The way it stands now you better tell George."

Mr. HALLEY. Now, who is that "you"? Is that also some unidentified "you"?

Mr. LEVY. No; just a minute, please. My recollection is, on that day a fellow named George Ufner was playing golf the day that we had the talk and I think he wanted to come to the track on the opening date with Ufner and when I didn't want him there and was doing my best to keep him away I suggested that he tell George, feeling—

Mr. HALLEY. You must be kidding, because you just told us that in the first sentence he told you he wasn't coming to the track.

Mr. LEVY. Just a moment, Mr. Halley. Let's not have any such description as "kidding." This is a very serious moment in my life.

Mr. HALLEY. Well, certainly. Why do you tell us a thing like that?

Mr. LEVY. Like what?

Mr. HALLEY. Like that, you had just told him that he couldn't come to the track and you wanted him to tell George.

Mr. LEVY. Just a moment, sir. When the arrangement was first made was days ahead of July 29. Is that clear?

Mr. HALLEY. No, it is not.

Mr. LEVY. Well, that is what I testified to.

Mr. HALLEY. I know you testified to it.

Mr. LEVY. And I testified to it under oath.

Mr. HALLEY. I know you did.

Mr. LEVY. Now, in this conversation here I am indicating to him very plainly—at least I think I am—that I have tried everything I can, he will not be admitted as a spectator. His proposed companion was George Ufner to come to the track. So I say, "Tell George."

Senator O'CONOR. Mr. Levy, just at this point, will you let me just break to verify this? In two adjoining lines, almost in one sentence, you use the pronoun "you" twice. "As boss you should be able to tell them. The way it stands now, you better tell George."

Now, is the committee to believe that—or do you want us to believe, rather, that in mentioning "you" the first time you meant George Morton Levy, but in mentioning "you" the second time you meant Frank Costello?

Mr. LEVY. No, I didn't mean George Morton Levy the first time. I meant the managers of that track, which were three or four in number.

Senator O'CONOR. Including yourself.

Mr. LEVY. No, I was not active in the management of that meet at all. I was not the chairman of the committee, of the operating com-

mittee at that time. I had drawn these papers as an attorney for all of these people, with the exception, I think, Mr. Wiswald drew one or two documents. But the majority of the legal documents I had prepared in connection with this, and most of the conferences with Rogan and Rogan I attended and worked out the details.

So by "as boss" I meant the people conducting the meet and the managers of that meet, that they should have the right to at least be consulted as to who is to be thrown out of a track, when you got the legal responsibilities.

Senator O'CONNOR. So that my point is that in the same breath, when you mention "you" twice, the first time you meant another group, the second time you meant Frank Costello?

Mr. LEVY. The second time, about telling George, I meant Frank Costello, definitely, sir, that's right, Senator.

Now, where was I? Oh—

As for Pete, he does not want to go into the pari-mutuel department. I will have to create something for him.

Now, this stimulates my recollection. It is my recollection that Costello must have spoken to me about Pete, who is some old friend of his, and asked for a job in the track. I had forgotten the matter entirely. I checked yesterday with the spelling that was given here and there is a Pete something or other, and undoubtedly the same man who worked at Yonkers for a period of 32 days at \$8 a day, has never worked at Roosevelt since, and I recall that this same Pete came down to my office about the same time, maybe a day or 2 or 3 days before the opening, it is my impression. It was the first time I had ever seen the fellow. It is my impression that he told me he was a clerk for some judge and was looking for a job, I mean, for a short, temporary job.

Now, that is my impression. I think I had probably seen the fellow—I don't know whether I have ever spoken to him two or three times after that, but he has never worked for us.

So in connection with having let Costello down and being unable to let him in as a spectator, I went and told him I would even create a job, if necessary, for Pete, trying to make up for what couldn't be done in the other direction. As a matter of fact, according to the pay-rolls of the New York Trotting Meets, which is no part of our direct records, the indications are that this fellow was a timer at \$8 a day for the 32 days.

Now, let me take up the one relating point.

Senator TOBEY. I wonder if you would let me ask you a question right there.

Mr. LEVY. Surely, Senator.

Senator TOBEY. Do you wish to add anything to your testimony given here yesterday in re your paying Frank Costello \$60,000 in 4 years for his services in driving the bookies from Roosevelt Raceway?

Mr. LEVY. Well, I thought I covered the subject very thoroughly, sir.

Senator TOBEY. In what you just said?

Mr. LEVY. This had nothing to do with the \$60,000.

Senator TOBEY. I know it doesn't. I am asking you now, do you wish to add anything to your testimony of yesterday?

Mr. LEVY. I didn't testify yesterday.

Senator TOBEY. Well, the day before, whenever it was.

Mr. LEVY. The day before. It doesn't make much difference.

Senator TOBEY. Let's not quibble about dates.

Mr. LEVY. No, no; I don't care to add anything. I have explained that thoroughly.

Senator TOBEY. Now, you know, do you not, that Mr. Frank Costello, in whom you had great confidence as to his ability to get rid of bookies, when yesterday under oath here was asked what he did for this \$60,000 paid him, tersely replied, "I didn't do a damn thing for it." You know that, don't you?

Mr. LEVY. I heard his conclusion, then I heard his testimony about a very insignificant amount of work that he had done around restaurants and bars, and what not. That is all true; yes, sir.

Senator TOBEY. Do you still want this committee to believe that your testimony of yesterday as to the reason you paid Costello \$60,000 is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LEVY. Very definitely.

Senator TOBEY. All right.

Mr. LEVY. I thought I explained very definitely the urgency of that occasion and the emergency method and why I did it, and I can only repeat. I can't add to it at all.

Now, may I just go into the last point of that about bookmakers? I am trying to find it here.

Mr. HALLEY. It is the middle of the big paragraph.

Mr. LEVY. In the middle, Mr. Halley? Oh. "We can't jeopardize the bookmakers."

Now, I have already explained all the efforts that I am trying to make in order to warrant this fellow in as a spectator at the track, and I am also referring to the differences, I mean, with the Pinkertons at that particular time. And then there is a statement in there, "We can't jeopardize the bookmakers." That is definitely incorrect. What may have been said was, "We can't jeopardize our investment."

And let me just show you on that very point. So that you understand the financial picture of this unusual meet at Yonkers, which was not a regular meet for any of these three tracks, each of these three tracks put in \$25,000. The \$25,000 was not put in by Old Country as such, because it didn't have \$25,000. It put in \$1,000. The remaining \$24,000 was put in by all those, or some of the old pioneers who started this track.

Ed Thompson, the president of the bank, put in a thousand dollars. Dave McConnell, who I explained to you before was president, I think, of the Avon Products, a cosmetic company, \$5,000. Al Kinsley, and I gave you his relationship with Vanderbilt, \$1,000; Doc Robbins, the druggist, \$1,000. De Mao, an assistant district attorney, \$1,000; an accountant named Hamowitz, \$1,000; Moats, the garage man, a thousand dollars; and Valentine and I put up the major part of the money, \$6,500 apiece.

Now, the purpose of that was to keep franchises going and also to give to the owners an opportunity to race somewhere for a limited period that day, consistent with the Governor's orders or suggestions in the State of New York.

So that I personally had a \$6,500 investment. I had this 10-percent contract if it ever turned right in regard to profits, which was one of the major reasons in connection with the payments to Costello that

I have referred to, the preservation of that. So that theoretically or supposedly I am making a statement, "We can't jeopardize the bookmakers."

Now, just let me show you this. The play at Yonkers—and I have the financial statement of that meet somewhere here—averaged less than \$80,000 a day, less than \$80,000. We estimated that we would handle \$75,000, so it was a little bit better than that what we anticipated. We figured it took just about \$75,000 to break even.

Now, we made at the end of that meet roughly \$30,000, I think—no, I think it was \$19,000 between the three interests, which was apportioned, and we had spent about \$35,000 getting the track ready and what not.

You just take 10 percent of that play of \$79,000 off, that is the average, \$98, 10 percent off; if bookmakers were there and only diverted the play 10 percent, that is roughly \$8,000; our participation in that is \$800. Over the 32 nights it is \$24,000 or \$25,000. I have contributed \$6,500 of my own money in connection with this particular venture. Less than a year before, when things were so slack, I had contributed 10 or 12 with Nick Valentine and one other man, Rubin Smith, to keep the enterprise going. Now the intimation is that I have made a statement to the effect that we can't jeopardize the bookmakers, and if any bookmakers were there taking 10 percent only of our play, we would have been bankrupt.

In other words, if I am guilty, and want this definitely understood, if I am guilty of having an arrangement to protect the bookmakers against my interests, against the interests of all my pals that I would be betraying, I would be unworthy to be recognized as a lawyer, I would feel so contemptible. It is really ridiculous, completely ridiculous, to think that that refers in any way except that must be an error. "We can't jeopardize our investment."

I think I have completed my explanation.

Mr. HALLEY. Mr. Chairman, before the witness completes his explanation and before the committee examines him, may I read both to the committee and to the witness two pieces of evidence which I believe he should have before him? I will read them, because I think the committee would like to hear it, too.

Senator O'CONOR. Mr. Halley.

Mr. HALLEY. First, Mr. Levy, Mr. Costello testified before the New York County grand jury in 1913, and on page 580 he was asked this question:

Q. You recall Levy expressing concern for the bookmakers, saying, "We can't jeopardize the bookmakers"?

A. (by Costello). We can't jeopardize the bookmakers?

Then Mr. Hogan said:

Yes. He was afraid that the Pinkertons would move in and the bookmakers could not operate at the track, because the Pinkertons would know the bookmakers and know their agents.

A. (by Mr. Costello). He might have spoken on that subject. From a gambling standpoint, if you have a race track and have stopped bookmaking, your totalizers would not total as it would if bookmakers were allowed on the race track, and everybody that has a race track, they would prefer to have bookmaking for the simple reason if I am a thousand-dollar bettor and if I go to a race track where they don't handle millions, and if I am in the mood of betting \$500, my eight to five goes down to three to five, and if I get a bookmaker he takes care he is going to hold it and keep my price up. But even if the bookmaker doesn't hold it, he throws in \$400 to the machine, so the machine

would have the \$400 benefit. So I imagine all of these race-track owners, they just don't like it.

Q. So he was telling you his troubles?

A. He was probably telling me. George Levy is a friend of mine for 24 years or more, and we exchanged different talks here and there, and we played golf. He comes to my home and I go to his home. I never had an interest,—

Then there is one other paragraph.

Mr. LEVY. You want me to answer that one, sir?

Mr. HALLEY. Let me give you all the facts and then you can put them all together.

Mr. LEVY. Surely.

Mr. HALLEY. This is a telephone conversation which certainly would not be binding on you in a proceeding involving you; but is competent evidence before this committee, Mr. Levy. It is a telephone transcript of July 22, 1943, 1 week before the one you have on your desk.

It is an incoming call to Mr. Costello's home. A man on the outside calls Costello, and the man says:

"Hello, Frank. Do you recognize the voice?"

Costello says: "No."

The voice says: "Yonkers."

Costello says: "Oh, yes. What's new?"

The voice says: "I was out to Long Island yesterday. I met George, and he took me around. I want to meet him at 5 o'clock today."

Costello says: "What does it look like?"

The voice says: "I think it is O. K., unless we are told to stop. And as long as it isn't disastrous."

Costello says: "Nothing will happen."

The voice: "We can be working in the meantime, and see what happens on the other thing."

Costello: "How about the other thing? Fifteen is all right."

Costello: "Sure; make your own deal with that fellow."

The voice: "O. K. I will see George and maybe I will catch up with you later."

Costello: "O. K."

Mr. LEVY. Have you finished?

Mr. HALLEY. Yes.

Mr. LEVY. In regard to your second thing, I haven't the slightest idea of what it may refer to; not the slightest conception.

Again, it is in the same field of innuendo that possibly it creates an inference, or an intimation, that somebody by some payment could get some kind of protection.

In the first place, I was only there a couple of days a week, and couldn't have given anybody if I wanted to.

In the second place, I so disagree with Costello's version which I heard yesterday, and which you have referred to in there, that any bookmaker is of any benefit to a trotting track or any other parimutuel track.

In the first place, up there at Yonkers, we had an average—and the figures are official—of twenty-seven to twenty-eight hundred people. They are not large bettors in 1943. At the present time, in trotting, they are much larger bettors. They have become more familiar with it, but in 1943, in Yonkers, there were no heavy bettors, in my opinion, at all. They were all small bettors; completely small, because you

can see an average of about 3,000 people, I think it is twenty-eight or twenty-nine hundred, and the average is a little under \$80,000.

Now, let's see, that would be about \$26 or \$27 per capita. The per capita at our track today is probably twice that.

So that they were definitely small bettors at the track. And the idea that bookmakers at that track would do any good has been so—gamblers would try and argue a thing of that kind. In my mind, it is ridiculous.

In Florida this year, where it looked like all tracks made a determined effort, and I think your committee helped tremendously in connection with that, to keep all bookmakers off the track, the net result of the situation was, with almost the same attendance, the play went up at least 25 to 30 percent. And that wasn't one track; that was the entire three tracks.

So that bookmakers, as I stated in my earlier testimony, to allow bookmakers on a track by a pari-mutuel man, he would have to be crazy. And in the delicate situation that existed at Yonkers in 1943, to jeopardize the entire meet, and possibly create ruin in an industry where I was the pioneer, and if you only knew the efforts of those first 4 or 5 years in trying to build something up, it may have been in connection—now, if I could do it over again, if I only had to reconsider and could do it over again, I think I would take the chance of the revocation of the license—whatever the financial cost might have been—rather than have the embarrassment that I have had in this matter.

Mr. HALLEY. You said you didn't think that Costello was telling the truth to the grand jury when he said that you might have said that to him about the bookmaking?

Mr. LEVY. I know he was not. I know his recollection must have been very faulty.

Mr. HALLEY. Of course, that happened in the same year. You know that.

Mr. LEVY. Mr. Halley, if it occurred the next day, he is wrong.

Mr. HALLEY. Well, that occurred, your telephone conversation occurred in July, and this grand jury testimony was in October.

Mr. LEVY. I still say he is entirely wrong, Mr. Halley.

Mr. HALLEY. Now, Costello denied certain parts of it. He said you could not possibly have told him he was the boss. He was quite definite on what he wanted to deny. But when he got to this part, he said, "He might have spoken on the subject," and if you did listen to Costello on television, you probably learned that when Mr. Costello said, "He might have done it," that is Mr. Costello's way of saying, "Yes."

Mr. LEVY. Well, he was saturated with "might haves." It was really hard to say when he was saying something and when he wasn't.

Mr. HALLEY. Let us analyze this business of bookmakers at the track. You did have small attendances, and the meet was just about struggling through?

Mr. LEVY. That's right, Mr. Halley.

Mr. HALLEY. And your point is that you could not have afforded to have the play taken away from the pari-mutuels?

Mr. LEVY. Definitely not.

Mr. HALLEY. But if you had a few people, a small group of people, with a lot of money, big bettors, who had an interest in the harness races, and if they were out there betting thousands of dollars—as

they did in these gambling joints, as they do in Mr. Costello's Beverly Club, they had to be accommodated by somebody, hadn't they?

Mr. LEVY. Mr. Halley, there was no such animal in 1943.

Mr. HALLEY. Well, let us see whether there was.

If they tried to put anything like, as Mr. Costello says, a thousand dollars into your totalizer machines during the days you had such slim attendance, they would probably have blown the track up?

Mr. LEVY. They certainly would have. If anybody bet a thousand dollars on win, place, or show, they would certainly have blown it up. But there was no such fellow.

Mr. HALLEY. Well, you hung around with two fellows who catered to such fellows, one, Frank Erickson, and the other, Frank Costello?

Mr. LEVY. Never in trotting. They might have clients or customers, or whatever their contacts were—and I certainly don't know that Costello was a bookmaker, or engaged as such, but Erickson undoubtedly had the reputation of handling very many big bets.

Mr. HALLEY. You certainly knew that Costello was a man who had very fine contacts with bookmakers, didn't you?

Mr. LEVY. Yes, I thought that.

Mr. HALLEY. And he had been a commission agent; you know that?

Mr. LEVY. I didn't know that.

Mr. HALLEY. And we have had some testimony that most bookmakers call themselves commission agents.

Mr. LEVY. That's right.

Mr. HALLEY. So isn't it your theory that this thing was ridiculous, because if the men took the bets away from the pari-mutuels, they would have ruined you, and you would have gone bankrupt, something that doesn't hold water?

Mr. LEVY. You say that, but you are so wrong. I don't know how to convince you.

At that time, trotting was still in its infancy.

We started in 1940, with an average of around \$40,000 a night. It grew in 1941 to an average of around \$70,000 a night, in 1941.

In 1942, it started backward, in the other direction.

People knew very little about trotting in these parts. The real horsemen in trotting, the horse lover, came from substantially all parts of the country. They weren't the betting type at all.

People around this type of country—now, we were competing in the daytime against this running track, wherever it was going, at that time. That is my recollection.

Now, I would doubt very much if, in all of Yonkers—and this is only an opinion, and I may be wrong—I doubt if anyone made a bet in excess of, I would say, \$100, because I am thinking of Ellis Gillmore, who would bet that amount, who was one of the proprietors, and owned some horses—and other than Gillmore, I don't think there was another \$50 better in the place.

Mr. HALLEY. I just don't understand you. Let us try again.

You said something. You said, "You can't jeopardize the bookmakers. My God, what a bunch of morons—" I mean, for jeopardizing the bookmakers.

Mr. LEVY. We will come to that. I was not referring to the bookmakers. I was speaking of the Pinkertons. In regard to the conditions of their contract at that time.

Mr. HALLEY. That's right, jeopardizing the bookmakers.

Mr. LEVY. Jeopardizing bookmakers—well, all right, you proceed in your own way, sir. I say it is ridiculous.

Mr. HALLEY. That is a nice generalization, but let's see: Now, you have on your explanation a theory that you would have been acting against your own interests.

Mr. LEVY. Definitely.

Mr. HALLEY. That you would have been acting against your own interests?

Mr. LEVY. That is right.

Mr. HALLEY. If you allowed bookmakers on that track?

Mr. LEVY. That is right.

Mr. HALLEY. As against that theory, we have Mr. Costello's admission that you might have spoken on the subject, his going on before the grand jury to explain why you needed the bookmakers on the track—

Mr. LEVY. Pardon me. Costello's going on? I didn't mean to interrupt you. Costello's going on before the grand jury, did you say, to explain this?

Mr. HALLEY. Yes. No, no, in October of 1943.

Mr. LEVY. Who was going on before the grand jury?

Mr. HALLEY. Costello.

Mr. LEVY. That's what I thought; all right.

Mr. HALLEY. He told the grand jury—meaning you—

He might have spoken on that subject. From a gambler's standpoint, if you have a race track and stopped bookmaking, the totalizers would not total.

Then he went on for quite a while.

Mr. LEVY. What do you mean—the totalizers would not total?

Mr. HALLEY. He means just this: if you have got a total—and I hardly want to compete with an expert like you on that subject—

Mr. LEVY. I am not an expert in the pari-mutuel department, but I know a lot about operation. I have been at it a long time.

Mr. HALLEY. Simple arithmetic would indicate that if you have a pari-mutuel machine with, say, \$5,000 bet on one race by the whole general public, and somebody comes along and wants to put in a \$5,000 bet on that race, if you let him put it into the machine, he knocks the odds to the devil, and everybody at the track figures something is wrong and that the race is fixed, and you will ruin your track; isn't that so?

Mr. LEVY. You wouldn't ruin your track at all. You will find any bookmaker handling those kinds of bets. With a handle like that, I would have thought 60 detectives could have found out any bookmakers operating.

Mr. HALLEY. There wouldn't be a bookmaker. There are plenty of large bettors. Mr. Costello himself on occasion would bet large sums of money—\$500 to \$1,000 and \$1,500.

Mr. LEVY. At a trotting track?

Mr. HALLEY. I don't know where. If we can't get these telephone taps, we don't know what these fellows are up to.

Mr. LEVY. All I can tell you is that in 1943 the bettors who would bet more than \$100 at tracks you probably could count on the fingers of one hand.

Mr. HALLEY. Well, it certainly looks here, doesn't it, as though Costello and your other golf partner, Erickson, were trying to fix something up for a good haul at that track? Doesn't it?

Mr. LEVY. I don't know where they could have gotten a good haul at that track, to start with.

Mr. HALLEY. Well, in 1940——

Mr. LEVY. In 1943 I don't know where they could have gotten a good haul.

Mr. HALLEY. In 1946.

Mr. LEVY. Now you are talking about a different status.

Mr. HALLEY. Wait a minute. In 1946 they started the crap game over in Jersey, and they seemed to manage in a single night to get people over to one little crap game in a barn, who would bet thousands and thousands of dollars. In previous years they were doing the same thing. In 1944 some of this gang were doing it down in Miami; and in 1945 and in 1943. There were joints all over the East.

Now, this trotting may not have been very popular with the public.

Mr. LEVY. May what?

Mr. HALLEY. May not have been very popular with the public, but you have got to convince this committee that it wasn't a very pleasant place on a summer evening to get a few fellows out there with a lot of money and let them gamble it away.

Mr. LEVY. Well, I don't know how I can convince the committee, except by facts. It would be a pleasure to have you interview anybody around our track. You have got to divide this in periods. When you come to 1946, we are now in a handle of \$450,000. That's something to attract bookmakers. But when you have got a handle of \$80,000, I don't know what large-size bookmaker would have been interested. It would have been small ones trying to more or less chisel out those small bets, and what not, all to the detriment of the track.

Mr. HALLEY. Now, when you called Costello, did you call to tell him he couldn't come to the track?

Mr. LEVY. That was what I had in mind—trying to do it as delicately as possible; yes, sir.

Mr. HALLEY. And when you called him and said, "This is George Levy. I tried to get you yesterday. Can you be up there today" and he just casually said, "I don't think so"——

Mr. LEVY. I meant by that——

Mr. HALLEY. You were through with the whole discussion?

Mr. LEVY. Beg your pardon? No, I wasn't, sir. He said, "I don't think so." Then I said something about "Phone me"—in substance—"if you are coming up" or what not.

Mr. HALLEY. Wait a minute. Up to this point——

Mr. LEVY. Yes.

Mr. HALLEY. Had you told Costello that you couldn't get him into the track.

Mr. LEVY. Up to the point of this telephone call?

Mr. HALLEY. I think you testified that the call was for the purpose of breaking the sad news to Costello.

Mr. LEVY. The purpose of the call was to tell him not to come to the opening—which he wanted to come to with this fellow, Ufner.

Senator O'CONOR. Mr. Levy, if you called him up to tell him he shouldn't come, and he told you he wasn't coming anyway, why didn't the conversation stop right there?

Mr. LEVY. He didn't say definitely. He said, "I don't think so."

Senator O'CONNOR. If he wasn't coming anyhow, why was it necessary to go into such a long-winded discussion?

Mr. LEVY. I wanted him to know that if he changed his mind and came up there, he would be thrown out and embarrassed. He asked me to do that kind of favor for him. I was trying hard to do it. And I am trying to explain to him, despite all my efforts in that direction, I could not succeed. In other words, I was really trying to lighten the shock.

Mr. HALLEY. Now, you had been working all this time to get rid of the Pinkertons so Costello could come to the opening; is that right?

Mr. LEVY. Now, when you say, "to get rid of the Pinkertons," the objection that I had, as far as the Pinkertons was concerned, was just this: The form of the contract nobody liked—that they were the sole judges who went in and who went out. That was the first thing. They insisted on that form to maintain themselves.

And then I asked them specifically with regard to the admission of Costello, and whoever it was said, "No." So, therefore, the objection was twofold now: (1) Because Costello could not be admitted; and (2) because of the form of the contract.

Mr. HALLEY. And you were having the devil of a fight trying to get Costello into that track; is that right?

Mr. LEVY. I was trying to accomplish this: First, part of the contract difficulties had no connection with Costello at all—part of it. Others did. I was trying my best, that's right, as long as Pinkertons were going to be there, to have them agree that Costello could go in there as a spectator provided he conducted himself properly.

Mr. HALLEY. It was an important matter?

Mr. LEVY. Well, it was only an important matter because I was asked to do a favor and was trying to do it.

Mr. HALLEY. And you were just doing a favor for a friend?

Mr. LEVY. That's exactly right.

Mr. HALLEY. So you got on the phone and casually said, "Hello, Frank, this is George Levy. I tried to get you yesterday. Can you be up there today?"

And he said, "I don't think so."

And you dropped the subject? Does that sound reasonable to you?

Mr. LEVY. I didn't drop the subject, because it goes on.

Mr. HALLEY. No. You switched to another subject. You didn't say, "Now, let me explain what I have done." You said nothing like that. You said, "Have you got a minute, Frank?"

He said, "Sure."

And then you swung into the other thing.

Mr. LEVY. Instead of talking cold turkey—he couldn't go up—when I explained the difficulty with regard to the Pinkertons, and what-not, it had to be obvious to him, having been ordered to stay away, he would be thrown out if he came up there.

Mr. HALLEY. What you say doesn't in any way conform to this phone conversation?

Mr. LEVY. Well, this is a matter of construction. Now you wish to characterize it; there is no good in arguing about it.

Mr. HALLEY. When you signed the lease permitting the Pinkertons to come in, you did not object to them; is that right?

Mr. LEVY. At the time we signed the lease, I don't recall whether we raised any objection to them or not. I don't recall any specific objection. I don't recall.

Mr. HALLEY. The reason you objected to the Pinkertons was simply because they wanted the right, as their contract says, to exclude anybody at their own discretion.

Mr. LEVY. That's right. And to be our agents in connection with that operation, so that we would be responsible for errors or what not. And I think, bear this in mind, Mr. Halley: I think the state of the law today is that at a race track, you can eject anybody, whether you don't like the color of his hair, unless you do it for race, creed, or color. Other than that, you have an unlimited opportunity to throw anybody out if you care to.

Mr. HALLEY. It is right on the tickets.

Mr. LEVY. Whether it is on the ticket, the ticket couldn't give that right under the law, unless the law supplied that right.

Mr. HALLEY. You might infer from that that I have been to a race track.

Mr. LEVY. Pardon me. But in 1943, I am not certain, but I don't think the basic case, which was the Collins case, had been decided by the court of appeals. I think it was still open at that time, as to whether or not there might be some legal liability.

Mr. HALLEY. Didn't you try to give the committee the impression yesterday that you were for the Pinkertons, but Commissioner Downing was against the Pinkertons?

Mr. LEVY. That's exactly right. I had forgotten——

Mr. HALLEY. It doesn't sound that way now.

Mr. LEVY. Just a moment, please. I had forgotten entirely this 1943 incident. That had completely gone out of my mind. And when you asked me the question whether or not I told anybody I was against him, I said, "No," and said it very truthfully, believing that to be so, until this tap wire message came up yesterday.

Mr. HALLEY. You said more than that. You said—talking about the 1946 period—you said, "I suggested that;" the question was: "Don't most tracks use the Pinkertons?" And you said:

I forgot that. I suggested that to Commissioner Downing, it wouldn't be fair to the Pinkerton Agency for me to tell you what he thought of it. We had them in 1943 in Yonkers, so I would rather not be directed to give his opinion on the Pinkertons. But he didn't want them. Wouldn't have them.

Q. You did suggest the Pinkertons.

A. I certainly did. I suggested anything.

Mr. HALLEY. And didn't you then go on to say that the trouble with the Pinkertons was that they let all the gamblers on the track, all the bookies?

Mr. LEVY. Didn't I say that?

Mr. HALLEY. Yes, in your testimony.

Mr. LEVY. Say that again, please, will you, Mr. Halley?

Mr. HALLEY. The question was something like this; on page 9454:

If you told anybody you couldn't have the Pinkertons, the reason would be that Commissioner Downing felt that they were letting bookies on to the track.

A. (By Mr. Levy.) That's right. We couldn't have them anyhow. He just wouldn't have the Pinkertons. From 1943 on, he had a phobia against the Pinkertons.

Mr. LEVY. That testimony is correct.

Mr. HALLEY. Who was it who had this phobia against the Pinkertons, him or you?

Mr. LEVY. Just a moment. In 1943, in connection with this instance, I was irritated. Indicated very plainly in that conversation. The instance was closed and all over.

In connection with 1946, when Chairman Downing threatened to take away our license, if he would have taken the Pinkertons, I would have had no objection to it in the world. I would have been delighted.

Mr. HALLEY. Now, do you remember that you were questioned in the greatest of detail about whether you ever talked to Costello about your business, and your telling the committee that you hadn't?

Mr. LEVY. I told you he was never a confidant of mine.

Mr. HALLEY. You never asked his advice about the raceway?

Mr. LEVY. I don't recall ever asking his advice about the raceway.

Mr. HALLEY. And you never told him the details of your business?

Mr. LEVY. Well, I will amend that.

In connection with this talk, I told him the details indicated in essence by that tap wire call, in explaining my inability to allow him to come to the track as a spectator, and for that purpose only.

Mr. HALLEY. So all of this would have to do with whether or not he planned to come to the track?

Mr. LEVY. Entirely. That was the whole thing.

Mr. HALLEY. In other words, your whole story stands or falls on whether or not he planned to come to the track that morning?

Mr. LEVY. I wouldn't say my whole story stands or falls on whether he had the intention in the morning, or what. It stands on this:

That all the talk in regard to the Pinkertons and what-not, is in part related to the fact that Costello wanted to come to the track as a spectator on the opening night, or shortly thereafter.

Mr. HALLEY. And yet there was no mention of that in the phone conversation?

Mr. LEVY. I beg your pardon?

Mr. HALLEY. And yet there was no mention of that in the phone conversation.

Mr. LEVY. I think the phone conversation indicates it quite clearly, that I was trying to tell him not to come, and avoid embarrassment.

Mr. HALLEY. Well, you said: "Can you be up there today?" as though you were asking him to be somewhere.

Mr. LEVY. I think what I had in mind at that point, Mr. Halley, did he intend coming up there that night. If he said, "No," I think I would probably have suggested, "Well, I would like to arrange an appointment and meet you somewhere," and tell him in person what apparently I told him over the telephone.

Mr. HALLEY. And you will agree that unless the committee believes that this was all about whether or not Mr. Costello could go to the opening day of the races, your story just can't hold water?

Mr. LEVY. Well, Mr. Halley, you asked questions leading to the mental operations, leading to the conclusions and what not. I can't do any more than give the committee facts. I have tried to.

Mr. HALLEY. We are up against certain theories you have proposed, which we have to test against the facts, and the facts we have are: This conversation you have before you, the conversation of a week ago where Costello talked to the voice who identified himself as, by saying "Yonkers"; and Costello's admission before the grand jury that you

did say: "We can't jeopardize the bookies," or at least he said you might have said it; and then went on to explain it.

Mr. LEVY. Mr. Halley, I am in no way concerned with Costello's recollection, lack, or good recollection, one way or the other. I am trying to give the facts. But if I may make this comment:

When you ask whether my story is predicated on his desire to be at the track, and what not, apparently, if I understand you correctly, our contention is that bookmakers are beneficial, with a handle of around \$80,000 a night to a trotting track. I mean, may I ask you if that is the opinion of the committee?

Mr. HALLEY. I am sorry; I didn't get that.

Mr. LEVY. Would you read my answer, please.

(The reporter read Mr. Levy's statement as follows:)

When you ask whether my story is predicated on his desire to be at the track, and what not, apparently, if I understand you correctly, your contention is that bookmakers are beneficial, with a handle of around \$80,000 a night to a trotting track. I mean, may I ask you if that is the opinion of the committee?

Mr. HALLEY. I don't know. All I know is that your explanation isn't as good as Frank Costello's. His makes more sense to me.

Mr. LEVY. It does?

The CHAIRMAN. Let me say, Mr. Levy, that the committee is not advocating bookmakers on or off the track. I think the point is that Mr. Costello had such great influence over you as to what you could do, that you felt that he can magically keep bookmakers away, that there might have been some point that he could have persuaded you at that time that bookmakers were a good thing.

Mr. LEVY. Senator Kefauver, no one in the world could have persuaded me to that point. I am so firmly convinced against it.

Mr. HALLEY. There is just one thing before we leave that subject.

Why do you tell Costello—

We do not think we would open today. We saved the thing by putting in a 24-hour cancellation clause?

Mr. LEVY. That was in the effort to indicate to him that I was going all out to try and do him the favor.

Mr. HALLEY. You mean, to do Frank Costello a favor, you wouldn't open the track, this thing that was so valuable to you?

Mr. LEVY. Oh, that probably was a slight exaggeration to Brother Costello. We certainly would have opened the track.

Mr. HALLEY. You mean—

Mr. LEVY. I was trying to convince him that the favor that he asked to do, that I was going all out to do it, and it was totally unable to comply, and giving him reasons for noncompliance.

Mr. HALLEY. And why did you tell him that all Bleakley would have to do is call out the local police and stop the meet? Did you think you would call the police out?

Mr. LEVY. To indicate very clearly that if we didn't go along, sign up and so forth, that we would have—

Mr. HALLEY. Wait a minute. You signed up a week ago with the Pinkertons.

Mr. LEVY. A week ago with the Pinkertons?

Mr. HALLEY. No; when you signed the lease.

Mr. LEVY. We signed the lease with Pinkertons, I believe, on the 27th; on the 13th with the landlord.

Mr. HALLEY. Well, there you are. You had already signed up with the landlord and agreed to take the Pinkertons?

Mr. LEVY. That's right.

Mr. HALLEY. The only trouble came when they insisted on their right to keep bookies off the track.

Mr. LEVY. Free of any control by management. That's right.

Mr. HALLEY. Now, how about this business of Pete Ponjo or Pete Pongo?

Mr. LEVY. Well, my recollection is, as I told you, that he spoke to me about this fellow Pete, and asked whether or not I couldn't get him a job. And this Pete came down to see me.

Mr. HALLEY. Pete was the fellow who would call him Uncle Frank, was he not?

Mr. LEVY. Well, now, strange you say this. I am under the impression he said he was some relation to him. But I am not sure that he did.

Mr. HALLEY. And Pete would, on occasion, bring Judge Savarese out to the golf course; do you remember, on an afternoon?

Mr. LEVY. That I don't recall.

Mr. HALLEY. You met Judge Savarese?

Mr. LEVY. Oh, yes.

Mr. HALLEY. I think you mentioned that Pete might have been the clerk to some judge. Was it Judge Savarese?

Mr. LEVY. No, I don't know. It may well have been Judge Savarese.

Mr. HALLEY. Pete would generally show up, or frequently, with Judge Savarese?

Mr. LEVY. No. That I can't say. I know this: Pete came down, and I think he said he was some kind of relative to Costello. I am not certain about that. But there was some close connection of some kind. He wanted a job, and indicated apparently that he didn't want to work in the pari-mutuel department.

And in connection with this call, the "Pete" reference is to him; and he came down to my office. Costello spoke to me about it first, I believe. Pete came down to my office and saw me in regard to it. And then, outside of seeing Pete two or three times thereafter, I mean, that is practically the end of Pete. He never worked for us at Roosevelt raceways.

Mr. HALLEY. Let me read you specific testimony of yesterday, and then ask you to make any comment you see fit.

Question. But you never discussed with Frank Costello, giving his friends or relatives a job?

Answer. That's right. And none have received any jobs.

Now, getting back to Erickson.

Mr. LEVY. Pardon me?

Mr. HALLEY. May I finish it all?

Question. No. Let us stay with Costello a little longer.

Mr. LEVY. All right, go ahead.

Question. I want to be perfectly sure there is no question in your mind that you never consulted Costello on any questions concerning any job that anyone would have in and around the Roosevelt race track.

Answer (by Levy). I don't recall ever having talked to him about any job, and I don't know of anyone he recommended or suggested in any conceivable way.

Question. Would that apply to all your operations at the track?

Answer. Yes.

Question. Including Yonkers?

Answer. Yes. Yonkers, you know, was a combined thing, but just that 1 year.

Mr. LEVY. You see, Mr. Halley, it is correct that I had that. I had forgotten, I have told you here once or twice, the 1943 incident completely. I saw it on television yesterday, and it came back to my mind, and I hastened to come in and correct it.

I was wrong in Costello not having gotten any job. As far as I know, that is the only job, in the 11 years of operation, with eight to ten thousand employees that we have had, that Costello interceded in regard to. I know of none other.

Mr. HALLEY. But Pete was a man that actually came to you?

Mr. LEVY. He did come to me, and Costello apparently spoke to me about it a couple of days before.

Mr. HALLEY. And it made enough of an impression so that if Pete didn't want to be in the pari-mutuel department, you would create a job for him?

Mr. LEVY. Yes. I had gone so far, that I thought I would go a little further.

As a matter of fact, there was no necessity for it, because he became a trainer.

The CHAIRMAN. Do you have anything else?

Mr. HALLEY. No.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No.

The CHAIRMAN. Mr. Levy, I still do not exactly understand what you meant by the statement in the telephone conversation, "blankety blank bunch of morons." You said, "We can't jeopardize the bookmakers. What a blankety blank bunch of morons." Were you talking about the Pinkertons at that time?

Mr. LEVY. As far as the morons are concerned, that reference is undoubtedly in regard to the Pinkerton employees. It certainly—it didn't have any reference to bookmakers, although many of them may be morons.

I mean, that wasn't in my mind, so far as that is concerned.

The part, "We can't jeopardize the bookmakers—" I say the bookmaker part is a definite error. I didn't say it and couldn't have said it.

It might have been, "We can't jeopardize our investments," or "the investments," or "our venture," or "our lease."

The CHAIRMAN. Then you would not have used "blankety-blankety morons" as to your investors or stockholders, would you?

Mr. LEVY. Just a moment, sir. Just before it says, "They can put off anyone." Remember the punctuation there. I don't know who punctuated this, the reference to morons. It says, "they can put off anyone." It says, "* * * morons." They can put off anyone. Speaking of the so-called morons, as I referred to them then.

The CHAIRMAN. Now, you have another page here.

You don't know whom you are talking about as a "blankety-blankety bunch of morons?" You don't know whether you were talking about the bookmakers or your investors or—

Mr. LEVY. I certainly wasn't talking about investors, and I certainly don't think I was talking about bookmakers. I think I was talking about the Pinkertons, who could arrest anybody, because it immediately follows.

The CHAIRMAN. What does this mean, Mr. Levy: "I can't play golf Sunday. I ran a pencil into my hand, and I can't hold a club. Dunnigan stood up swell. All three did." Who is Dunnigan?

Mr. LEVY. Dunnigan was one of the three interests in connection with this thing, and from that reference I would assume that the three of us supported the theory that this contract should not be drawn as it was offered by Pinkerton, giving them absolute control.

The CHAIRMAN. Well, there were just three of you on the contract?

Mr. LEVY. I beg your pardon?

The CHAIRMAN. There were just three of you on the contract?

Mr. LEVY. There were three interested parties, at the three tracks.

The CHAIRMAN. But you say all three stood up swell.

Mr. LEVY. Did I say all three, in there, or Dunnigan?

The CHAIRMAN. You said:

I can't play golf Sunday. I ran a pencil into my hand, and I can't hold a club. Dunnigan stood up swell. All three did.

So all three stood up swell, and you were making a contract there that you thought might keep Costello off the track, yet you were apologizing to him for doing it?

Mr. LEVY. Well, in a way, it was an apology for making the contract, and the circumstances were indicated very definitely that we had no alternative, under the provision of the leasehold with Mr. Butler or Mr. Butler's corporation, because the Pinkertons were prescribed.

The CHAIRMAN. I think we have spent about enough time on this.

Right after that, Costello said:

I will probably see you Sunday. We can sit on your front lawn and cut up your business.

What business of yours was he going to cut up?

Mr. LEVY. I heard that. I don't know what he meant by that. I have no recollection of it. I would simply have to argue probabilities, and I don't know what it refers to.

The CHAIRMAN. You don't know what it means?

Mr. LEVY. No.

The CHAIRMAN. Did a time ever come so that you got it arranged so that he could come out to Roosevelt raceway?

Mr. LEVY. We have never barred him at Roosevelt raceway.

The CHAIRMAN. I mean when your Pinkerton department kept him off.

Mr. LEVY. I don't think he ever knew it existed.

The CHAIRMAN. You still have Pinkertons. How long did you have them?

Mr. LEVY. As a matter of fact, we had Pinkertons at Roosevelt raceway for 2 or 3 weeks in 1940. The difficulty——

The CHAIRMAN. How long did you have them in 1943? Did you still have them in 1946?

Mr. LEVY. We never had Pinkertons at Roosevelt raceway after 1943.

The CHAIRMAN. Well, the time you paid Costello, or entered into a contract with him, you had Pinkertons at that time?

Mr. LEVY. No; we didn't.

The CHAIRMAN. Whom did you have?

Mr. LEVY. We had our own private police agency headed by Felix DeMartini, in 1946, as I testified.

The CHAIRMAN. You testified that the Commissioner just didn't want Pinkerton, didn't like Pinkerton.

Mr. LEVY. That's right.

The CHAIRMAN. And in order to supplement Pinkerton, you got Costello?

Mr. LEVY. Not to supplement him. You are in error, Senator.

The CHAIRMAN. Well, you had Costello at the same time you had Pinkerton?

Mr. LEVY. I didn't. Pinkerton was out of the picture. Pinkerton was only associated with Roosevelt raceway for roughly 2 or 3 weeks in 1940. Our business was so bad that we could not afford to pay the \$900 a week, which I think was their price, and Pinkerton refused to reduce the staff or the \$900, and Pinkerton left.

There was no difficulty or misunderstanding with Pinkerton except that we just couldn't afford to have them.

The CHAIRMAN. Well, anyway, at the time you entered into this agreement with Costello, was he coming out to the races at that time?

Mr. LEVY. I think I have seen Frank Costello at Roosevelt raceway no more than two occasions in all of the years we have operated.

The CHAIRMAN. This sort of deepens the mystery as to how he could keep the bookies away, if he could not get into the raceway.

You sort of expected to get at the sources of power, didn't you?

Mr. LEVY. That is exactly the reason for my reluctance. I figure that you have a busy campaign on, and I have certainly explained the facts and circumstances of that time and time again.

The CHAIRMAN. But it seems so odd that he could not come to the race track, where the bookies operate, and yet you expected him to keep the bookies away; so that it is quite apparent that you didn't expect him to do anything at the race track to keep him away.

Mr. LEVY. Not at the race track. Any good work he could do would have to be done outside of the race track, Senator.

The CHAIRMAN. All right, is there anything else?

Mr. HALLEY. No.

The CHAIRMAN. Is that all, Mr. Levy? Unless you have some other statements you wish to make?

Mr. LEVY. No; I have made it, and I want to thank the committee for the opportunity. It is very fair.

The CHAIRMAN. We got your telegram, and we called you immediately.

Mr. LEVY. Someone called me at 10:30, I think, to be here at 12:30, and I was here. Now, there is no criticism in that. I thank you very, very much.

The CHAIRMAN. You can leave, Mr. Levy.

Mr. LEVY. Thank you very much, Senator.

The CHAIRMAN. Come around, Mr. McLaughlin.

I might announce that Senator O'Connor had to return to Washington, and will be back tomorrow afternoon. I am sorry he cannot be here to act as chairman, but he will resume when he returns.

In the interim, the subcommittee will be composed of Senator Tobey and myself.

Mr. McLaughlin, will you raise your right hand? Do you solemnly swear that the testimony you will give will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McLAUGHLIN. I do.

The CHAIRMAN. I believe that before we have this witness testify, we will have a 10- or 15-minute recess.

(Whereupon, there was a short recess.)

The CHAIRMAN. The hearing will resume. Mr. McLaughlin is now the witness.

**TESTIMONY OF JAMES FRANCIS McLAUGHLIN, VALLEY STREAM,
N. Y.**

Mr. HALLEY. What is your full name?

Mr. McLAUGHLIN. James Francis McLaughlin.

Mr. HALLEY. What is your occupation?

Mr. McLAUGHLIN. I own a bar and grill, restaurant in Valley Stream.

Mr. HALLEY. Did you ever work for the New York Telephone Co.?

Mr. McLAUGHLIN. Yes; I did.

Mr. HALLEY. During what year did you work for the New York Telephone Co.

Mr. McLAUGHLIN. For 23 years, and service was terminated in 1946, I believe.

Mr. HALLEY. What was your particular line of work with the phone company?

Mr. McLAUGHLIN. I was an installer.

Mr. HALLEY. What do you mean by an installer? Would you talk a little louder, please?

Mr. McLAUGHLIN. I was installer for the New York Telephone Co. and what was known as a pilot.

Mr. HALLEY. What is a pilot?

Mr. McLAUGHLIN. I had a truck and seven or eight men worked off it at different times.

Mr. HALLEY. Please keep your voice up, Mr. McLaughlin.

Mr. McLAUGHLIN. I gave them the orders and took them on occasion and traveled around the city with them.

Mr. HALLEY. In other words, you were an expert on technical matters; is that right?

Mr. McLAUGHLIN. Might be considered that, yes.

Mr. HALLEY. Did you ever meet a man named Irving Sherman?

Mr. McLAUGHLIN. Yes; I did.

Mr. HALLEY. And who introduced you to Irving Sherman?

Mr. McLAUGHLIN. A bookmaker by the name of Sam Gold.

Mr. HALLEY. Had you done some work for Sam Gold?

Mr. McLAUGHLIN. Yes; I had.

Mr. HALLEY. What sort of work had you done for Sam Gold?

Mr. McLAUGHLIN. I had procured telephones for him for different horse rooms.

Mr. HALLEY. In other words, he used you to get telephones during the period when that was difficult?

Mr. McLAUGHLIN. No; that wasn't the period when they were difficult. That was the period when the New York Telephone Co. had a, well, really a sale on telephones. We was told to go out and sell them.

Mr. HALLEY. Why did he need you to procure phones?

Mr. McLAUGHLIN. Well, he wanted 1-day service.

Mr. HALLEY. He wanted special service, you mean?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. When you met Irving Sherman, did he want you to do any work for him?

Mr. McLAUGHLIN. Yes. He asked me to look over his line to find out if he was tapped.

Mr. HALLEY. And did you do that?

Mr. McLAUGHLIN. I did.

Mr. HALLEY. And did he pay you for that?

Mr. McLAUGHLIN. Yes; he did.

Mr. HALLEY. Did he thereafter introduce you to Frank Costello?

Mr. McLAUGHLIN. Yes; he did.

Mr. HALLEY. Would you explain the circumstances, the place and the time, as best you can?

Mr. McLAUGHLIN. Well, I believe I met Frank Costello in the lobby of the Waldorf Hotel and I was introduced to him by Irving Sherman.

Mr. HALLEY. Did Costello ask you to do anything for him?

Mr. McLAUGHLIN. Costello also asked me to look over his telephone up at—

Mr. HALLEY. And did you do it?

Mr. McLAUGHLIN. I did.

Mr. HALLEY. Did you get paid for doing it?

Mr. McLAUGHLIN. Yes; I did.

Mr. HALLEY. Who paid you?

Mr. McLAUGHLIN. Frank Costello.

Mr. HALLEY. How much did he pay you?

Mr. McLAUGHLIN. Well, it varied. At times when I met him he would give me \$50, \$100.

Mr. HALLEY. Where did you see him to receive your payment?

Mr. McLAUGHLIN. In the Waldorf Astoria.

Mr. HALLEY. In any particular part of the Waldorf?

Mr. McLAUGHLIN. Just outside the barber shop.

Mr. HALLEY. Did you meet him by appointment or did you just go there hoping to see him?

Mr. McLAUGHLIN. Well, at times—I knew I could see him almost every morning at 10:30 to 11 o'clock.

Mr. HALLEY. Who told you that?

Mr. McLAUGHLIN. Mr. Sherman.

Mr. HALLEY. How often would you say you checked Frank Costello's telephone to see if they were tapped?

Mr. McLAUGHLIN. For a period of about 3 months I checked that, sometimes two and three times a week.

Mr. HALLEY. And during this period he paid you continuously?

Mr. McLAUGHLIN. Off and on, when I would meet him, as I say, he would give me \$50, or \$100, even \$150 at times.

Mr. HALLEY. And by "he," you mean Frank Costello?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. Would you state to the committee what you do when you check a telephone to see if the wire is tapped?

Mr. McLAUGHLIN. Well, I go to the terminal nearest the telephone, and check it from there. And then get what we call the bridging heads on it, and check it from there. In other words, that number might come out two blocks away in another building, and it could be tapped from there.

Mr. HALLEY. Where was the bridging head for Frank Costello's phone?

Mr. McLAUGHLIN. There was none.

Mr. HALLEY. Where was the terminal?

Mr. McLAUGHLIN. In his basement.

Mr. HALLEY. And that is where you checked?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. Did you ever check any wires for Phil Kastel?

Mr. McLAUGHLIN. Once.

Mr. HALLEY. One wire?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. And how did you happen to do that?

Mr. McLAUGHLIN. Well, I was, I received a call by Irving Sherman, asking me to meet Mr. Kastel in Longchamps Restaurant, and he took me to a hotel on Fifty-seventh Street. He had an idea his line was being tapped; and it was.

Mr. HALLEY. Did you remove the tap?

Mr. McLAUGHLIN. No, not the tap. Somebody had gotten into the apartment while he was out, and made the transmitter alive by running in an extra lead, so that they could overhear every word in the room.

I did take the transmitter out of that telephone, but his line was still tapped. He had an extension on in the bedroom, and whoever was on it was still across his line, although they couldn't hear every word that he said in the room.

Mr. HALLEY. In other words, they had not only tapped his line, but turned his telephone receiver into a dictaphone?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. So that anything he said in the room could be heard, whether or not he was on the phone?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. Did you remove the dictaphone?

Mr. McLAUGHLIN. I removed the transmitter; that's right.

Mr. HALLEY. But you did not interfere with the tap?

Mr. McLAUGHLIN. I did not.

Mr. HALLEY. Did Phil Kastel pay you for that?

Mr. McLAUGHLIN. Yes. He gave me, I believe it was, \$50.

Mr. HALLEY. Did you ever check a telephone wire for a man named Nat Herzfeld?

Mr. McLAUGHLIN. Yes; I did.

Mr. HALLEY. How did that come about?

Mr. McLAUGHLIN. Well, that was through Irving Sherman also.

Mr. HALLEY. Did he introduce you to Herzfeld?

Mr. McLAUGHLIN. Yes; he did.

Mr. HALLEY. How often did you check Herzfeld's telephone?

Mr. McLAUGHLIN. For a period of 3 to 4 months, I believe. Because Mr. Herzfeld had a switchboard, and every line on the switchboard was tapped.

Mr. HALLEY. At his office or his home?

Mr. McLAUGHLIN. At his office.

Mr. HALLEY. Did you tell him his office was tapped?

Mr. McLAUGHLIN. Yes; I did.

Mr. HALLEY. Did you remove the tap or just tell him?

Mr. McLAUGHLIN. No, I did not. I told him. And, in all fairness, I have to say that Mr. Herzfeld said, "As long as I know they are on there, I don't care. Let them stay there."

Mr. HALLEY. Did Herzfeld pay you too?

Mr. McLAUGHLIN. Yes, he did.

Mr. HALLEY. How much?

Mr. McLAUGHLIN. I believe I received something like \$25 a week from him.

Mr. HALLEY. \$25 a week; did you say?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. Did you check telephones for any other people at the request of Irving Sherman?

Mr. McLAUGHLIN. There might have been some other people I checked the phones—as a matter of fact there are, but I can't tell who they are offhand because I didn't know them. I just checked the lines and reported to him.

Mr. HALLEY. Did you ever check the lines for any officials of New York City?

Mr. McLAUGHLIN. Yes, I did.

Mr. HALLEY. For who was that?

Mr. McLAUGHLIN. That was Mayor O'Dwyer.

Mr. HALLEY. Who requested you to check Mayor O'Dwyer's lines?

Mr. McLAUGHLIN. Irving Sherman.

Mr. HALLEY. Did you speak to the mayor himself?

Mr. McLAUGHLIN. No, I did not.

Mr. HALLEY. So that at Sherman's request you did check O'Dwyer's wire?

Mr. McLAUGHLIN. I did.

Mr. HALLEY. And where did you do it?

Mr. McLAUGHLIN. I had it done for Brooklyn, because he was residing at Brooklyn at the time.

Mr. HALLEY. At his home in Brooklyn?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. Where did you find the terminals for O'Dwyer?

Mr. McLAUGHLIN. I didn't find them. I had that done. I didn't go over and check that.

Mr. HALLEY. You had somebody else check the terminals?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. And then you went out and looked?

Mr. McLAUGHLIN. No; I just took his word for it. I had a man sent out from Brooklyn.

Mr. HALLEY. You had a friend of yours doing the checking for you; is that right?

Mr. McLAUGHLIN. I didn't know the man. I just called it in.

Mr. HALLEY. You called it in?

Mr. McLAUGHLIN. Into Brooklyn.

Mr. HALLEY. And they asked—

Mr. McLAUGHLIN (interposing). They asked that that line be checked.

Mr. HALLEY. And then you got a report?

Mr. McLAUGHLIN. I got a report.

Mr. HALLEY. Did you report back to anyone?

Mr. McLAUGHLIN. I did.

Mr. HALLEY. To whom did you report back?

Mr. McLAUGHLIN. Irving Sherman.

Mr. HALLEY. Were you paid for that?

Mr. McLAUGHLIN. No.

Mr. HALLEY. Can you think of anyone else for whom you checked the telephone wires at the request of Irving Sherman?

Mr. McLAUGHLIN. I am afraid I can't, offhand.

Mr. HALLEY. Do you remember a club called the Garment Center Fashion Club located at Broadway—at 1480 Broadway?

Mr. McLAUGHLIN. About Thirty-eighth or Thirty-ninth Street in Broadway; yes, I do.

Mr. HALLEY. And did you ever check the phones for that club.

Mr. McLAUGHLIN. Yes; I did.

Mr. HALLEY. Who asked you to do that?

Mr. McLAUGHLIN. Irving Sherman.

Mr. HALLEY. Did he tell you whether or not he was the owner of that club?

Mr. McLAUGHLIN. No; he never did.

Mr. HALLEY. But he asked you to check their phone?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. Did you ever do anything else for that club?

Mr. McLAUGHLIN. Yes; I put a buzzer in from the elevator to the top floor.

Mr. HALLEY. Now, the club was located on the two top floors of the building; is that right?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. And to get to the club, one would have to take an elevator up; is that right?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. And you installed in the elevator a buzzer so that the elevator operator could warn the people?

Mr. McLAUGHLIN. He could signal upstairs.

Mr. HALLEY. He could signal up to the people in the club?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. And at whose request did you install that buzzer?

Mr. McLAUGHLIN. Irving Sherman.

Mr. HALLEY. Now were you ever in that club?

Mr. McLAUGHLIN. Yes, I was in there a number of times.

Mr. HALLEY. What was there? Will you describe the premises as best you can? Can you give the dates? Was that about 1942 or 1943?

Mr. McLAUGHLIN. About there some time, but I don't know exactly when.

Mr. HALLEY. About that time?

Mr. McLAUGHLIN. Yes, it was.

Mr. HALLEY. Would you describe that club?

Mr. McLAUGHLIN. Well, the first floor of the club was a restaurant, with some tables around, card tables—incidentally, they served delicious food there.

Mr. HALLEY. There was a kitchen and dining room?

Mr. McLAUGHLIN. Yes, there was. And in the second floor, which you only had access to from the first floor—you couldn't go up there in the elevator, of course—that could be a gambling house.

Mr. HALLEY. Well, it was, wasn't it?

Mr. McLAUGHLIN. Well, so I understood.

Mr. HALLEY. You were up there, weren't you?

Mr. McLAUGHLIN. I was.

Mr. HALLEY. And you got there by opening a steel door and going up a flight of stairs; is that right?

Mr. McLAUGHLIN. That's right.

Mr. HALLEY. And upstairs there were crap tables?

Mr. McLAUGHLIN. There was a crap table.

Mr. HALLEY. A crap table?

Mr. McLAUGHLIN. Yes.

Mr. HALLEY. And I think you described there was sort of a hide-out box outside the window?

Mr. McLAUGHLIN. Yes, there was.

Mr. HALLEY. Who showed you that?

Mr. McLAUGHLIN. Nobody showed it to me. I saw them going to it.

Mr. HALLEY. Who did you see going to it?

Mr. McLAUGHLIN. One of the help there; I don't know who it was.

Mr. HALLEY. What was in that hide-out box? What was it for?

Mr. McLAUGHLIN. To keep dice, and the cloth with the gags on for the crap game, and things like that.

Mr. HALLEY. How often did you go there to check the wire?

Mr. McLAUGHLIN. It wasn't very often because, if I recall, the place wasn't there very long.

Mr. HALLEY. Did you ever see William O'Dwyer in that club or any part of it?

Mr. McLAUGHLIN. Yes, I did—once.

Mr. HALLEY. In what part of the club?

Mr. McLAUGHLIN. In the restaurant part of the club.

Mr. HALLEY. The dining room part?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. And definitely not in the upstairs part?

Mr. McLAUGHLIN. No, he wasn't there while I was there.

Mr. HALLEY. But you are sure you saw him in the restaurant part?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. Who was he with; did you know?

Mr. McLAUGHLIN. I believe Irving Sherman was present. Well, I wasn't invited to the dinner. It just so happened that I dropped in that night. And, as a matter of fact, I wasn't even at the dinner table. I was sitting at another table, and I sat down and ate that evening.

Mr. HALLEY. Were you introduced to O'Dwyer?

Mr. McLAUGHLIN. No, I wasn't.

Mr. HALLEY. You just saw him there.

Mr. McLAUGHLIN. I saw him there.

Mr. HALLEY. But you saw him with Sherman?

Mr. McLAUGHLIN. That is right.

Mr. HALLEY. Now, was the occasion of your checking Phil Kastel's phone wires about the same time that the club was in operation?

Mr. McLAUGHLIN. Yes, it was.

Mr. HALLEY. And did Sherman at that time introduce you to Phil Kastel?

Mr. McLAUGHLIN. He did.

Mr. HALLEY. I do not have any further questions, Mr. Chairman.
I don't believe I have any further questions, Mr. Chairman.

Senator TOBEY. Mr. Chairman, may I ask a question?

The CHAIRMAN. Senator Tobey.

Senator TOBEY. Was O'Dwyer's telephone tapped?

Mr. McLAUGHLIN. No, it was not.

Senator TOBEY. It was not tapped?

Mr. McLAUGHLIN. No, sir.

Senator TOBEY. Now, were you able to give Gold or others telephone installations as a prior privilege to an ordinary citizen securing telephone installation? Did they take precedence?

Mr. McLAUGHLIN. It wasn't that so much as the fact that he didn't understand that the telephone company at the time was trying to give them as fast service as they could, but he didn't know that.

Senator TOBEY. Were you in the employ of the New York Telephone Co. at the same time you were checking Costello's and Sherman's phones?

Mr. McLAUGHLIN. I was.

Senator TOBEY. Did the telephone company know you were doing this work?

Mr. McLAUGHLIN. No, they did not.

Senator TOBEY. Do they know it now?

Mr. McLAUGHLIN. They must know it now.

Senator TOBEY. Have they raised your salary because of your ability along those lines?

Mr. McLAUGHLIN. I was discharged from the telephone company.

Senator TOBEY. You were discharged?

Mr. McLAUGHLIN. Yes.

Senator TOBEY. Do you know a man in New York, a police official—I don't know for certain, but it is said in Washington that he is an expert—I think his name is Police Lieutenant Shimon.

Mr. McLAUGHLIN. No, sir.

Senator TOBEY. Do you ever have conventions of telephone fixers and tappers and compare notes on modus operandi across the country?

Mr. McLAUGHLIN. No.

Senator TOBEY. No association of telephone tappers?

Mr. McLAUGHLIN. No, sir.

Senator TOBEY. Can a telephone user detect a tapped line by any unusual sound?

Mr. McLAUGHLIN. No; they cannot.

Senator TOBEY. So that if your telephone is tapped you wouldn't know it at all but be in blissful ignorance of it entirely; is that right?

Mr. McLAUGHLIN. That is right.

Senator TOBEY. Had it sometimes happened that telephones are tapped and that a telephone girl in an exchange might be the agent transmitting the call to some other party?

Mr. McLAUGHLIN. Well, I have never heard of that.

Senator TOBEY. The only way, then, is to tap the line and then have it recorded somewhere?

Mr. McLAUGHLIN. I beg your pardon.

Senator TOBEY. How does it work? For instance, if you tapped my line and you want to know what is going on in my office and my home, where would be the recipient who would receive the telephone conversation?

Mr. McLAUGHLIN. Whoever was tapping that line. You see, they have equipment just made for that.

Senator TOBEY. Well, do they record it on a recording machine if they are away?

Mr. McLAUGHLIN. As a rule, the conversation is taken by hand.

Senator TOBEY. How long a job would it be for you to step into one of these rooms and tap one of these telephones so that somebody else could get the information?

Mr. McLAUGHLIN. Oh, it would be quite a job.

Senator TOBEY. Well, how long? An hour?

Mr. McLAUGHLIN. At least.

Senator TOBEY. At least an hour. Well, how do you get access to the phones and offices—surreptitiously?

Mr. McLAUGHLIN. No. You see, your telephone company card will allow you into any premises.

Senator TOBEY. I see.

Mr. McLAUGHLIN. Also any telephone building.

Senator TOBEY. As a repairman or inspector?

Mr. McLAUGHLIN. That is right.

Senator TOBEY. That is all I have.

The CHAIRMAN. Mr. McLaughlin, I didn't understand what you meant that Mr. Gold didn't understand that the telephone company could give fast service. Are you talking about fast service in the installation of telephones or are you talking about fast service for bookie operations?

Mr. McLAUGHLIN. Fast service for installation of telephones.

The CHAIRMAN. This was during 1942 and 1943, or when was this?

Mr. McLAUGHLIN. That was before the war.

The CHAIRMAN. How many telephones did Mr. Gold have, do you know?

Mr. McLAUGHLIN. He usually had three rooms but only used one, kept two in reserve.

The CHAIRMAN. How many telephones would he have in each room?

Mr. McLAUGHLIN. He had two in each, and at times a private wire to Jersey.

The CHAIRMAN. How long did you do this for Mr. Gold?

Mr. McLAUGHLIN. Oh, up until, well, approximately, I would say a year and a half.

The CHAIRMAN. When did you last see Mr. Gold?

Mr. McLAUGHLIN. It is easily 6 years ago.

The CHAIRMAN. He went down to Miami Beach, didn't he?

Mr. McLAUGHLIN. I don't know.

The CHAIRMAN. Do you know whether he is the same Sam Gold that has operated in Miami Beach for some time?

Mr. McLAUGHLIN. No; that I wouldn't know.

The CHAIRMAN. You don't know what happened to him?

Mr. McLAUGHLIN. I haven't seen or heard of these gentlemen in over 5 years.

The CHAIRMAN. What kind of looking man was Sam Gold or is Sam Gold?

Mr. McLAUGHLIN. Rather nice looking man, short and stocky.

The CHAIRMAN. And what color hair does he have?

Mr. McLAUGHLIN. Offhand I would say it was dark brown.

The CHAIRMAN. How old was he in 1943 or 1944 when you saw him?

Mr. McLAUGHLIN. Then about—he was about 43, I would say.

The CHAIRMAN. Well, if a bookie, Sam Gold, has been quite an operator in Miami Beach, would you think that might be the same Sam Gold? Would you know that?

Mr. McLAUGHLIN. I wouldn't know, Senator, because I haven't heard anything about these gentlemen.

The CHAIRMAN. You haven't heard anything about him since that time?

Mr. McLAUGHLIN. No.

The CHAIRMAN. Did you say you checked Frank Costello's wires over the period of 3 months?

Mr. McLAUGHLIN. Approximately 3 months.

The CHAIRMAN. He knew your name, didn't he, McLaughlin?

Mr. McLAUGHLIN. He must have known it.

The CHAIRMAN. He knew what you were doing, didn't he?

Mr. McLAUGHLIN. Yes; he did.

The CHAIRMAN. And would you report to him from time to time about what you found out?

Mr. McLAUGHLIN. That I did.

The CHAIRMAN. What would you tell him?

Mr. McLAUGHLIN. Well, alls I used was my first name over the telephone.

The CHAIRMAN. Would you call him on the phone?

Mr. McLAUGHLIN. At times; yes.

The CHAIRMAN. What is your first name?

Mr. McLAUGHLIN. Jim.

The CHAIRMAN. Would you call him at his apartment?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. What would you tell him when you would call him?

Mr. McLAUGHLIN. I would just say, "Jim," and "Everything isn't well," or words to this effect.

The CHAIRMAN. "Jim. Is this Frank?" And "Everything isn't well"?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. And what would he know from that, that his line was being tapped?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. And when it wasn't being tapped?

Mr. McLAUGHLIN. "I am feeling fine today."

The CHAIRMAN. Was that a code between you and Costello?

Mr. McLAUGHLIN. That was a standard code.

The CHAIRMAN. That you had talked over together?

Mr. McLAUGHLIN. Yes.

The CHAIRMAN. So that you would know exactly what to say?

Mr. McLAUGHLIN. Irving Sherman and I talked that over together.

The CHAIRMAN. Anyway, you and Mr. Costello understood each other about your conversations?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. How many times do you suppose you called him on the telephone, Mr. McLaughlin?

Mr. McLAUGHLIN. It would be once or twice a week.

The CHAIRMAN. Over a period of 3 months?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. And then how many times did you see him at the barber shop in the Waldorf-Astoria Hotel?

Mr. McLAUGHLIN. At least three times, possibly four.

The CHAIRMAN. Would he tell you on the telephone to come by the barber shop?

Mr. McLAUGHLIN. I was told that I could come by the barber shop almost every morning and meet him.

The CHAIRMAN. That is what Irving Sherman told you?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. And then you would see Mr. Costello, and he would say, "How much do I owe you?" Or would you tell him how much?

Mr. McLAUGHLIN. That would not take place. He would say, "Here's something for your trouble."

The CHAIRMAN. And then he would give you a hundred or a hundred and fifty dollars?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. How much do you suppose he paid you altogether?

Mr. McLAUGHLIN. Oh, I would say—

The CHAIRMAN. Your best estimate.

Mr. McLAUGHLIN. I would say probably three or four hundred dollars.

The CHAIRMAN. All in cash?

Mr. McLAUGHLIN. That's right.

The CHAIRMAN. There could not be any misunderstanding about the fact that he knew what he was paying you for, could there?

Mr. McLAUGHLIN. No; there couldn't.

The CHAIRMAN. You didn't do anything else for him, did you?

Mr. McLAUGHLIN. No.

The CHAIRMAN. He was not under any other obligation to you, was he?

Mr. McLAUGHLIN. No.

Senator TOBEY. Don't you want to tell the gentleman, Mr. Chairman, that if he happens to meet Irving Sherman on the street, just to tell him that there is a group of citizens in town holding a gathering who would give him a very warm welcome if he comes to see us?

The CHAIRMAN. We haven't been able to get service on Mr. Sherman. So if you know where to call him up, we would be very happy.

Mr. McLAUGHLIN. I don't believe I can help you.

The CHAIRMAN. Thank you, Mr. McLaughlin.

Mr. SHIVITZ. Before calling the next witness, may I ask the chairman to please direct the photographers, the television operators, and newsreel photographers not to take his picture. He is a narcotics agent, and those are the instructions from the Bureau.

The CHAIRMAN. Those are the understandings under which he is going to testify?

Mr. SHIVITZ. Correct.

The CHAIRMAN. All right. I will have to ask that television lights not be turned on the next witness, and the photographers not take his picture.

There are security reasons in connection with this.

The witness has to operate in various and sundry places, and under circumstances which, being publicized, will not be conducive for the best work that he can do. So please follow these instructions.

All right.

Mr. Sam Levine, will you come in?

Mr. Levine, do you solemnly swear the testimony you will give the committee will be the whole truth, and nothing but the truth, so help you God?

Mr. LEVINE. I do.

The CHAIRMAN. All right; let's carry on.

TESTIMONY OF SAMUEL LEVINE, BUREAU OF NARCOTICS, UNITED STATES TREASURY DEPARTMENT

Mr. SHIVITZ. Please give your name for the record.

Mr. LEVINE. Samuel Levine.

Mr. SHIVITZ. You are a narcotics agent, are you not?

Mr. LEVINE. I am, sir.

Mr. SHIVITZ. And you are now a group chief?

Mr. LEVINE. I am, sir.

Mr. SHIVITZ. You are testifying here with the permission and consent and the knowledge of the Bureau and Commissioner Anslinger?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. Mr. Levine, this afternoon you heard District Attorney McDonald, and his testimony before this committee, referring to the increase in addiction of narcotics among the youth, did you not?

Mr. LEVINE. I did, sir.

Mr. SHIVITZ. Has your Bureau made an investigation into that?

Mr. LEVINE. We have, sir.

Mr. SHIVITZ. What are the findings on your Bureau?

Mr. LEVINE. The Federal Bureau of Narcotics has noticed during the past few years an increase in the number of young hoodlums, those in their 'teens and early twenties, arrested for violations of the Federal marijuana and narcotic laws of New York, Chicago, Detroit, and San Francisco.

This trend is borne out by figures appearing in the 1949 Annual Report of the Bureau of Prisons. It is there shown that the median age for all male drug offenders received in Federal prisons in 1945 was 35.5. In 1949 the median age was 31.7.

Mr. SHIVITZ. Mr. Levine, from your knowledge of these statistics, that drop in the median age from 35.5 to 31.7 years is an unprecedented one, is it not, in such a short period?

Mr. LEVINE. That's right.

Mr. SHIVITZ. Continue, please.

Mr. LEVINE. Three hundred and eighty-five, or 25.6 percent of the violators received in Federal prisons who are under the age of 25, as compared with the previous year's total of 270, or 18.7 under this age.

Of the narcotic offenders sent to Federal prisoners in 1949, those sentenced for offenses involving marijuana were a younger group than those sentenced for illegal dealing with other narcotics.

Of 584 sent to Federal institutions on marijuana charges, 7.7 percent were under 20 years of age, and 38.4 percent were under 25.

Of 725 other than marijuana offenders, 0.7 percent were under 20, and 13.5 percent were under 25.

MR. SHIVITZ. Allow me to interrupt you, please, Mr. Levine.

That clearly establishes, does it not, that the very young, the youthful beginner, in the use of narcotics, generally starts with marijuana?

MR. LEVINE. That has been our experience.

MR. SHIVITZ. Continue, please.

MR. LEVINE. There has been an increasing number of these young narcotic offenders who admit starting the use of narcotics with marijuana; then, after a short while, changing to the more powerful narcotics such as heroin, morphine, and cocaine.

The records at the United States Public Health Service hospital at Lexington, Ky., also indicate an increase in the young drug addicts.

The Federal Bureau of Narcotics knows that not only the traffickers, but the users, must be brought under control if headway in the enforcement of the narcotic laws is to be accomplished.

The Bureau realizes that its primary targets in the enforcement of the narcotic laws are major traffickers, those organized groups involved in the interstate and international traffic of narcotics.

An obligation thus rests upon the local authorities to direct their efforts at the other phases of the narcotic traffic, such as the small-time peddler and addict.

Having become aware of the growth in young hoodlum addicts, and realizing that something should be done about it, this Bureau advocated legislation in the State of New York which would compel habitual users of narcotics to undergo treatment for their addiction.

Such legislation was passed twice by both houses of the New York State Legislature in 1947 and 1949, and both times vetoed.

In such States as Wisconsin, Connecticut, and Kentucky, where local law provides for enforced medical treatment, addict populations are at an all-time low. Those States are avoided by criminals who fear that their habits will be recognized and treated.

Addiction can be reduced to the vanishing point in every State as well, as soon as it is realized that only by compulsory treatment can drug addicts be freed from their terrible bondage.

MR. SHIVITZ. Mr. Levine, can you tell the committee whether there are any public institutions in the city of New York for the treatment of these addicts?

MR. LEVINE. No, sir; there aren't any in the city of New York; nor are there any in the State of New York.

MR. SHIVITZ. Thank you.

MR. LEVINE. Recently, Mr. Frank S. Hogan, district attorney of New York County, caused a survey to be made into the increasing problem of drug addiction, particularly among teen-age hoodlums. Based upon the figures of cases coming before the courts in New York County, Mr. Hogan observed an increase in youthful addiction in the postwar years.

He further observed that while in previous years marijuana was the most popular drug, in 1950 the most popular narcotic was a devastating and enslaving heroin.

MR. SHIVITZ. Mr. Levine, that clearly establishes, does it not, that when they start with marijuana, they don't stick to it?

MR. LEVINE. No; they—

MR. SHIVITZ. Ultimately they transfer to the more vicious drugs?

MR. LEVINE. That's right.

In his report, Mr. Hogan comments on the viciousness and contagion of the narcotic habit, and compares the user of narcotics to a "Typhoid Mary" who should be subjected to a compulsory quarantine until cured.

In summarizing his report, Mr. Hogan proposes that legislation be enacted providing stiffer penalties for violations of the narcotic laws, and also legislation which would make possible the cure of the addict by declaring him a menace to public health, and compelling treatment for the addiction.

MR. SHIVITZ. Mr. Levine, is it not a fact that there already exists in this community, in the city of New York, practically the same method of controlling venereal disease as that which is suggested both by your Bureau and District Attorney Hogan?

MR. LEVINE. Yes, sir.

MR. SHIVITZ. And that's what you want, and you have been advocating, and you have been pressing legislation for, in the various States?

MR. LEVINE. We have, sir.

MR. SHIVITZ. Mr. Chairman, that is the substance of this witness' testimony on the youthful addiction question.

There is considerable more; but I was wondering if, in view of the fact that it is close to 5:30, you want to continue, or shall we let this go for tomorrow?

THE CHAIRMAN. I think, since we have already disrupted the television show—they had it planned until 5:30—that we might continue. How long will it take to finish?

MR. SHIVITZ. We have considerable. I would say we have anywhere from three-quarters of an hour to an hour or more for this man.

THE CHAIRMAN. Any questions about the juvenile part of the testimony of this witness, Senator Tobey?

SENATOR TOBEY. No questions.

THE CHAIRMAN. I did want to ask two questions, Mr. Levine:

We have had talks, of course, with Mr. Anslinger and Mr. Carney, Mr. Cunningham, and with men like George White, and others who know a great deal about this problem; and as a matter of fact we borrowed Mr. White, who was a great help to us for quite a while with this committee, and we were sorry to have to let him go back.

But all of these gentlemen seem to think that if there were compulsory laws providing for a compulsory sentence of a minimum amount after the first offense, that that would go far in curbing the sale of morphine and narcotics.

MR. LEVINE. Well, we as law-enforcement officers, Senator, feel that one of the greatest deterrents to the continuance of any dope-peddling activity in this particular type of venture would certainly be deterred by stiffer compulsory penalties.

THE CHAIRMAN. I know we have found throughout the country that even honest and well-meaning United States district judges have on many occasions, upon the plea of families of peddlers, narcotic peddlers, and sellers, have given suspended sentences or merely fines, even though they may be the second or third offense, and one of the legislative remedies the committee has in mind making is a bill to require a minimum penalty for any offense after the first one, a prison term.

MR. LEVINE. I certainly agree with it.

The CHAIRMAN. Then, Mr. Levine, what would you think also of a provision to have a stiffer penalty for sale to minors than for sale to adults?

Mr. LEVINE. Well, frankly, I personally can't see any differentiation in dealing with the narcotic traffic between the youthful drug addict and the adolescent or the older drug addicts. It is part and parcel of the same problem. If we can tackle the problem and put the dope peddler out of business, whether he sells direct to the teen-ager or sells indirectly, he is selling it to the teen-ager, and when we put him out of business we accomplish the same purpose.

The CHAIRMAN. I believe tomorrow Mr. Costello is coming back on the stand at 10 o'clock. Can we finish with this witness in 30 minutes?

Mr. SHIVITZ. Yes, I believe so.

The CHAIRMAN. Why don't we go on about 10 minutes longer at this time? Suppose we go on for 10 minutes.

Mr. SHIVITZ. Mr. Levine, would you please continue on the findings of your Bureau with respect to narcotics in general?

Mr. LEVINE. Yes, sir. In any discussion of the illicit narcotic traffic, it must be borne in mind—

Mr. SHIVITZ. Please keep your voice up, Mr. Levine.

Mr. LEVINE. It must be borne in mind that raw opium is not produced in the United States and that no opium derivatives are imported. All supplies of raw opium are, therefore, imported under official permit and all supplies of opium derivatives are manufactured within the United States from the opium thus imported. Importation is permitted only for the manufacture of derivatives for medicinal and scientific purposes. The same is true of the coca leaf and cocaine.

Commissioner of Narcotics Harry J. Anslinger's work as a member of the United Nations Commission on Narcotics Drugs is primarily concerned with the control and limitation of the production of opium solely for legitimate medical needs. In that connection it is interesting to note that although the estimated world-wide medicinal need for opium is about 400 tons annually, actually about 3,000 tons are produced each year.

Mr. SHIVITZ. Mr. Levine, that indicates, therefore, that for every ounce of opium that is required for medical purposes there are approximately 8 to 9 ounces grown?

Mr. LEVINE. That's right, sir.

It has been the experience of the Federal Bureau of Narcotics that organized groups of criminals are engaged on a national and international scale in the smuggling and distribution of illicit narcotics.

It has also been the experience of law-enforcement officers combatting the illicit traffic in narcotics that the ranks of the dope peddlers are filled with persons dedicated to a life of lawlessness, and that the arrest and incarceration of these people on narcotic charges has incidentally protected the public from the degradation of thieves, robbers, murderers, and other vicious criminals engaged in organized crime.

An excellent illustration of this was the experience of the Federal Bureau of Narcotics with Murder, Inc. The head of this organization was Louis Buchalter, alias "Lepke," who was indicted in November 1937, in New York City as one of 30 persons charged with

complicity in a scheme to smuggle drugs into the port of New York in the baggage of ostensible round-the-world tourists.

From October 1935 to February 1937, this organization had smuggled into the United States sufficient heroin to supply the needs of 10,000 drug addicts for a year. They obtained the drugs in the Japanese concession of Tientsin, China. Emissaries were sent to Shanghai, China, where they procured heroin and morphine which was obtained in Tientsin, brought to Shanghai, there packed in steamer trunks and then transported in bond through France and across the Atlantic to the port of New York where it was smuggled into the United States.

Following his indictment, Buchalter was a fugitive from justice, but when the pursuit became too intense he surrendered himself to Federal authorities in August 1939. After trial in December, he was convicted of conspiracy to violate the narcotic laws, and subsequently pleaded guilty to nine additional counts and was sentenced to 12 years.

One of Lepke's principal associates in Murder, Inc., was Emanuel Weiss, alias Mendy. Intensive investigations by the narcotic and customs officers showed that Weiss and certain of his associates had been implicated in a series of major infractions of narcotic laws, including the attempted smuggling of 20 pounds of heroin into this country at Rouses Point, N. Y., in 1937, the sale of large amounts of heroin in New York City and the operating during the latter part of 1939 of a clandestine laboratory in which morphine was adulterated and later distributed in the illicit traffic.

Mr. SHIVITZ. Mr. Levine, you have two points I would like to inquire about.

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. The 20 pounds of heroin you described: What was the purity of that?

Mr. LEVINE. The purity of that was about 90 percent.

Mr. SHIVITZ. And can you tell the committee what that would break down into with respect to heroin on the local street-distributing level?

Mr. LEVINE. At current-day prices?

Mr. SHIVITZ. That's right.

Mr. LEVINE. At current-day prices, heroin of that purity would cost about \$285 an ounce. I will keep it within the ounce level. The arithmetic is too difficult for me.

At the present day retail price of about 12 percent pure, which is the price that the retail dealer would pay, would be about \$200 per ounce. The retail dealer, however, will still cut it further, about two to three times, before he would sell it in lesser quantities to the ultimate consumer, which would either be in capsules or in small packages.

Now, to give an idea of the take on this thing: From each ounce of heroin, he would make approximately 437 capsules, which he would sell for about \$1 a piece.

Mr. SHIVITZ. Can you figure out how much the value of that 20 pounds would break down to, of these 1-ounce capsules of 12-percent purity?

Mr. LEVINE. It would run into too many millions, I think. Actually, the 20 pounds at the smuggler's level would amount to \$100,000.

Mr. SHIVITZ. Yes.

Mr. LEVINE. So that I actually haven't figured it out. It's just too much arithmetic.

Mr. SHIVITZ. It would exceed \$1,000,000?

Mr. LEVINE. I am sure it would.

Mr. SHIVITZ. And this clandestine laboratory you referred to in which morphine was adulterated and distributed, what sort of a laboratory was that? Is that a complex thing?

Mr. LEVINE. That is a complex thing, set up by these dope peddlers, with competent chemists, so that they can adulterate and convert the morphine to heroin, the heroin being the much more desired product in the city.

Mr. SHIVITZ. It takes a great deal of capital investment and technical skill to set up a laboratory of that sort?

Mr. LEVINE. It does.

Mr. SHIVITZ. All right, continue.

Mr. LEVINE. Jacob Gottlieb, who was arrested in possession of the suitcase containing 20 pounds of heroin at Rouses Point, N. Y., made a statement implicating Weiss as a principal, but Gottlieb committed suicide in jail, undoubtedly because of fear of retaliation. However, with regard to the operation of the clandestine laboratory, Weiss and four others were indicted in New York City in March 1940.

In May 1940, Weiss was indicted on narcotics charges at Dallas, Tex., with 28 others, all but 5 of whom had long criminal records.

The Dallas case concerned the wholesale distribution of narcotics from New York to Texas and Illinois, and resulted in the convictions of most of the defendants.

In February 1941, Weiss's four codefendants in the New York narcotic case were convicted and received substantial sentences.

Weiss could not be tried in the local or Dallas case as he was then a fugitive from justice. Shortly after his indictment on narcotic charges, Weiss, along with Buchalter and one Louis Capone, had been indicted in the State court, Kings County, for murder.

Weiss disappeared and forfeited a substantial bond.

After being the subject of a Nation-wide search by law-enforcement agencies, he was apprehended by narcotics agents in Kansas City, Mo., in April 1941; he was taken back to New York. There the Government deferred trial of Weiss on narcotic charges in order to enable the State to prosecute the murder case against him, Buchalter, and Capone.

Meantime, Buchalter had been taken from the penitentiary where he was serving his 12-year sentence on narcotics charges, and was prosecuted and sentenced in March 1940, in New York County, to from 20 years to life imprisonment for extortion, this term to be served at the completion of the 12-year sentence.

With the apprehension of Weiss, Buchalter was again taken from the Federal penitentiary, and after another trial in which narcotics officers testified, Buckwalter, Weiss, and Capone were, in November 1941, convicted of first-degree murder. All were subsequently electrocuted.

The CHAIRMAN. Does that conclude the testimony about Murder, Inc., at that point?

Mr. LEVINE. Yes, sir.

The CHAIRMAN. Then I think that may be a good point at which to stop.

We will have Mr. Levine finish his statement tomorrow, and we expect to have him finished by 10 o'clock tomorrow, so that the television program can start at that time, and also the regular proceedings.

Sometime later in the week, we will have further testimony about narcotics.

I think at this time it would be proper to comment that, as the matter now stands, it is impossible to reconcile the testimony of Mr. Costello and Mr. McLaughlin as to having someone check his wires, and paying someone for that purpose. So that, on the face of it, somebody has committed perjury.

I am saying this at this time in the hope that when Mr. Costello comes back, he may have some explanation.

However, there are too many inconsistencies in the testimony that we have. These two statements simply cannot stand together.

We are going to have to refer the testimony, all of his testimony, to the Department of Justice, to be considered with respect to what action they want to take about these direct conflicts, and also other conflicts that have arisen between his testimony now and at previous times, testimony that is in conflict with that of other witnesses.

I mention the fact now in the light of the fact that he will be back on the stand tomorrow for the purpose of undertaking to make any clarification that he can.

Do you wish to make any statement before we adjourn, Senator Tobey?

Senator TOBEY. I would like to ask you a question, if I may, based on what you just said.

There is a very widespread inconsistency in the testimony of Costello and McLaughlin, as far apart as the two poles. One is positive and one is negative.

I inferred from what you said, that Mr. Costello might come back tomorrow, having read this, and then recant on his testimony, which is entirely away from the other man's testimony and, in that way, free himself from the charge of perjury.

Now, as I said, I am not a lawyer, but it seems that if we are going to let every individual who comes before this committee do that, we are almost become particeps criminis.

I think that men should stand on what they say, and they shouldn't change it just because they are under the sword.

What do you think about that?

The CHAIRMAN. That is quite true. As you know, if a witness testifies one way, and is shown that his testimony is not correct, he has to have some acceptable explanation. Of course, we have to go on with our perjury proceeding in any event.

Senator TOBEY. Would a mental operation be sufficient?

The CHAIRMAN. I don't think it would be, under the circumstances.

Mr. HALLEY. May I say, Senator Tobey, that there is no right that any witness has to purge himself of perjury once he commits it. Once he commits it, the offense is complete.

If he comes in then and tells the truth, that may be a fact relating to his original intention, and as to whether or not his guilt is such as to convict him, and it also relates to the sentence.

Legally speaking, when an untrue statement is made, and with knowledge that it is untrue, the perjury is complete.

Senator TOBEY. They can't rub it out?

Mr. HALLEY. No.

The CHAIRMAN. Further answering your question, Senator Tobey—and I am sure you agree with me, as far as the chairman of the committee is concerned—and I think I speak for you in this matter and for the whole committee—we will, in any event, have to refer the testimony to the Department of Justice for such action as they may feel necessary in connection with the perjury or inconsistency in the testimony.

Senator TOBEY. I concur.

The CHAIRMAN. The committee will stand in recess until 9:30 tomorrow morning.

(Whereupon, at 5:50 p. m., the committee recessed to Thursday, March 15, 1951, at 9:30 a. m.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

THURSDAY, MARCH 15, 1951

UNITED STATES SENATE SPECIAL COMMITTEE TO INVESTIGATE ORGANIZED CRIME IN INTERSTATE COMMERCE, *New York, N. Y.*

The committee met, pursuant to recess, at 9:30 a. m., in room 318, United States Courthouse, Foley Square, New York, N. Y., Senator Estes Kefauver (chairman).

Present: Senators Kefauver and Tobey.

Also present: Rudolph Halley, chief counsel; James Walsh, Alfred Klein, Joseph Nellis, David Shivitz, Reuben Lazarus, Louis Yavner, and Arnold L. Fein, counsel.

The CHAIRMAN. The committee will come to order.

Again, let me say that if any person's name comes out in the testimony, or is mentioned by any witness, and they feel that the statement about them has not been fairly represented, or want to make any explanation or denial, or have anything to say about the testimony that has been given in connection with them, we invite them to let the committee know, and to get in touch with the staff, and we will see that they have a chance to be heard at the earliest possible moment.

While Mr. Levine is testifying, I inadvertently said yesterday that the television lights would have to be put out, and the suggestion was complied with. But the lights may remain on, just so Mr. Levine is not televised himself.

Mr. Shivitz, will you continue with the witness.

FURTHER TESTIMONY OF SAMUEL LEVINE

Mr. SHIVITZ. Mr. Levine, I failed to bring out yesterday: Before going with the Narcotics Bureau, what connection did you have with the Government?

Mr. LEVINE. Prior to coming to the Bureau of Narcotics, I was attached to the Immigration Board of Patrol as an inspector, for 4 years.

Mr. SHIVITZ. Did you work along the Canadian border?

Mr. LEVINE. I did, sir.

Mr. SHIVITZ. And how long have you been with the Narcotics Bureau?

Mr. LEVINE. Twelve years.

Mr. SHIVITZ. Are you also a lawyer, member of the bar?

Mr. LEVINE. I am, sir.

Mr. SHIVITZ. Yesterday, you reached a point in your report where you told us about the electrocution of Weiss, Buchalter, and Capone. Will you continue, please.

Mr. LEVINE. Yes, sir.

Subsequent to the elimination from the narcotic traffic of such major violators, Lepke, Buchalter, and Mendy Weiss, the New York office became aware that the center of activity in the illicit narcotic traffic had shifted from the mobs on the lower East Side to what was commonly referred to as the One Hundred and Seventh Street mob in Harlem.

These mobsters who had previously been able to rely upon the lower East Side racketeers to supply them with their drugs were now compelled to seek other sources of supply. Unsettled world conditions at that time made it almost impossible to cultivate the old sources of supply in the Far East and Europe.

Intensive investigation by the Bureau of Narcotics revealed that the mobsters had cultivated California and Mexico sources of supply. The efforts of the Narcotic Bureau were concentrated on the activities of these narcotic traffickers with the following results:

In December 1941, at New York City, Helmuth Hartman, Dominick Petrelli, Frank Livorsi, Charles Albero, and Salvatore Santoro, were indicted for violation of the Federal narcotics laws in connection with an extensive conspiracy which involved the smuggling of drugs from the Republic of Mexico and their distribution in New York. A superseding indictment in New York and an additional indictment in Arizona were obtained resulting in 17 defendants being prosecuted in New York City; 10 of whom were also prosecuted in Arizona for offenses arising out of these unlawful transactions.

Mr. SHIVITZ. May I interrupt you for a minute, Mr. Levine? Conspiracy case in 1941 with superseding indictments resulting in the conviction of these 17 in New York and 10 in Arizona; when would you say the case against those defendants originated?

Mr. LEVINE. Well, that type of case usually originated, or usually originates when the first entry is made in our files with respect to any of the persons connected with this case, and it is perfectly possible that such case may have been begun 5 or 10 years prior to the actual indictment.

Mr. SHIVITZ. As a matter of fact, how many men do you have in your force throughout the country?

Mr. LEVINE. The sum force of the Bureau at the present time is about 180 agents.

Mr. SHIVITZ. And it is the practice in the Bureau for every bit of information gathered by any of your agents anywhere in the country to be collated and kept in files?

Mr. LEVINE. That's right, sir.

Mr. SHIVITZ. Do you also gather information which may have bearings or a bearing on these matters from any other source where it is obtainable?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. You also get information from various informants?

Mr. LEVINE. We do.

Mr. SHIVITZ. And you also get information on what you call direct or substantive cases?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. Which ultimately, sometimes years later, may help you make what would be a large conspiracy case, such as the one just referred to?

Mr. LEVINE. That's right.

Mr. SHIVITZ. And in 1936 did your Department or your Bureau here have a file which related to some of the persons who were subsequently convicted in 1941?

Mr. LEVINE. Yes, sir; our Bureau had such a file.

Mr. SHIVITZ. And it also had what you might describe as a table of organization of the personnel in that file?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. Continue, please.

Quantities of heroin and opium, proven to be portions of the above-described smuggled drugs were afterwards seized in New York City.

Another case, and probably the most important one of its kind, was climaxed in California on November 30, 1944, when Salvatore (Sam) Maugeri, drug dealer and smuggler, was sentenced to 20 years imprisonment and fined \$10,000 for selling 630 ounces of prepared opium and 8 ounces of morphine for the sum of \$22,000 in cash.

Joseph Tocco, representative of the group of persons operating in New York City, known in the underworld as the 107th Street mob, who was transporting these drugs across the country was apprehended by narcotic agents in August 1944, as he was changing trains in Chicago. He was later sentenced to 10 years imprisonment and fined \$5,000.

Previously, one of the California members of the gang had been taken for a ride under bizarre circumstances. The west coast boss of the mob, known as Big Nose Charlie La Gaipa had been under day and night surveillance by narcotic and customs officers. However, during an interval of a few hours when this surveillance was incomplete, due to the manpower shortage handicapping agencies, La Gaipa disappeared. A customs agent subsequently discovered his auto in Oakland, Calif., and on its instrument panel traces of human brain tissue were found. La Gaipa, a well-known New York racketeer, associate of Luciano, had moved from there to California in 1941, from which case he engaged in smuggling and distribution of narcotics on a large scale. After La Gaipa's disappearance, his present lieutenant, Salvatore Maugeri, took over his drug business.

La Gaipa, Maugeri, and Tocco were members of an international organization engaged in smuggling large quantities of morphine from Mexico for distribution in various sections of the United States, particularly in the vicinities of Los Angeles, San Francisco, Boston, and New York City.

This case had its origin in New York City in 1942 with narcotic agents continuing investigation of the 107th Street mob. The mob had been sending trusted men to California, where they would obtain Mexican opium from the La Gaipa organization. This would then be transported to New York where it would be converted into heroin for distribution in New York and other large cities throughout the United States. Some of the converted heroin was resold to the La Gaipa organization. As a result of this phase of the investigation, 31 persons were indicted, but the narcotics traffic by this mob continued.

The trail led to Boston, where several distributors of narcotics in New England were arrested.

Since it appeared that the major source of supply was Mexican opium and the New Yorkers were dealing with members of the old Black Tony Parmagini gang in California, the emphasis was shifted to the west coast, where narcotic agents and customs officers conducted a joint investigation.

In 1930, Antone Parmagini, who had been king of the racketeers on the Pacific coast, was convicted of narcotic violations and sentenced to 17 years and fined \$17,000. William Levin, a confederate, was similarly penalized.

In connection with the same case, Jack Sieman was also arrested in Vancouver, Canada, and given a 10-year term.

At great personal danger because of the gang's connection with a number of murders, a narcotic agent who spoke Italian, infiltrated into a remnant of the Parmagini gang, gained the confidence of the leader, Maugeri, sufficiently that he, the agent, was actually chosen by the gangsters, who feared a double-cross from their fellow conspirators on the distribution end, as overnight custodian of a fortune in drugs.

Unable to act lest he expose the Government's hand and enable the leaders to escape, the officer saw the drugs turned over to the buyers the next morning.

The agents followed through, however, and arrested the runner, Joe Tocco, in Chicago in possession of the drugs.

Joseph Denticio, alias Beri, member of the One Hundred and Seventh Street mob, went to California to deliver the \$22,000 in cash for the drugs. He was indicted, but disappeared and has not yet been apprehended.

The New Yorkers were dealing with William Levin, former partner of Parmagini, and just released from the 17-year prison sentence on drug charges. Levin, along with his wife Elizabeth, was arrested on February 19, 1944, following the seizure of 10 pounds of prepared opium. Levin was subsequently sentenced to serve 10 years imprisonment and fined \$2,500; his wife was sentenced to 1 year.

It was discovered that Levin was dealing with Jack Sieman, also of the old Parmagini mob. In February 1944, Sieman sent a confederate, Morris Erwin, a Canadian customs inspector, from Vancouver to Los Angeles with about \$8,000, which was delivered to Levin for 140 ounces of prepared opium. Irwin was arrested as he was about to board a train for Canada, and was later sentenced to 12 years' imprisonment and fined \$1,000.

The investigation of Levin indicated that he was securing drugs from one Jack W. Morse and his wife Sally, of Santa Monica, Calif., and in April, and again in July, Morse was arrested in possession of opium.

The Morses had been arrested in Norfolk, Va., many times. They went to California in 1942 when Morse was given a conditional release from a Federal institution on a 10-year sentence for a narcotic violation.

It was reported that during his incarceration, Mrs. Morse had, through antisocial activities in Norfolk, accumulated approximately \$40,000, which served as capital for them in California to purchase large quantities of opium from Mexico for resale.

Lenneth F. Williams was used by the Morses to deliver drugs. In April 1944, these three persons were arrested in an automobile on the

highway en route from Santa Monica, Calif., in possession of approximately 70 ounces of opium which they had obtained from a well-known Mexican smuggler, Enrique Diarte.

Diarte was also the source of supply in Tijuana, Mexico, from which Levin obtained his opium. In September 1944 Jack Morse was sentenced in California to serve 5 years, Sally Morse to serve 3 years' imprisonment, and Lenneth Williams to serve 5 years.

In July 1944, it was ascertained that Diarte, one of the most flagrant smugglers operating out of Mexicali and Tijuana, Mexico, was expecting to deliver a large quantity of opium to Jack Morse at San Diego, Calif. His confederates were arrested at San Diego by customs and narcotic officers in possession of 175 ounces of prepared opium and 20 ounces of pure heroin. Diarte avoided arrest by escaping to Mexico and his confederates forfeited their cash bond and fled to Mexico.

Diarte's body was found in November 1944, on a Mexican roadside. He had been murdered, having been shot through the heart, his throat cut, and his skull crushed with a heavy instrument. Two of Diarte's associates, Frank Orbe and Max Weber, alias Max Cossman, were subsequently arrested and tried for the murder of Diarte. Weber, a few months ago, escaped from the jail in Mexico and has yet not been apprehended.

In connection with this case, 106 persons were arrested in Mexico, in what was described by the Mexican authorities as one of the biggest arrests made in the history of Mexico.

Mr. LEVINE. In October 1945, in direct cases arising from the investigation of this criminal organization, Frank Caruso, alias Frankie the Bug, Eugene Uricola, and Robert Cancellero were convicted. Caruso received an 8-year sentence and Cancellero and Uricola each received 5 years.

Previously, in April 1945, New York City police officers discovered a clandestine heroin manufacturing plant in an apartment house in the Bronx, which was being operated by Anthony Criscuolo and Julius Marchese, members of the One Hundred and Seventh Street mob.

About 24 pounds of opium and several ounces of heroin were seized. Subsequent investigation by agents of this Bureau resulted in the arrests of Criscuolo, Marchese, Joe Morone, and Charles Albero.

Continued investigation of the One Hundred and Seventh Street mob in cooperation with New York City police and District Attorney Hogan's office resulted in the arrests of Joseph Gagliano, alias Pip the Blind, Charles Albero, and others in December 1946, charged with the unlawful sales of narcotics. Gagliano subsequently committed suicide in the Bronx County Jail.

Beginning in 1947, the trends in the illicit traffic in narcotic drugs in the United States began to take on a resemblance to conditions in prewar days. The indications were definite that sources of supply such as Iran, India, Turkey, France, Italy, China, and Hong Kong, were again active. Progressively, the seizures made by the customs authorities from ships arriving from Italian ports were becoming larger.

Mr. SHIVITZ. One minute, there, Mr. Levine. Our records indicate, and I think it has been already adduced in previous testimony before the committee, that one Luciano was deported in 1946. Now, your

reference here is to the increase in the narcotics coming in from Italian ports being seized here starting in 1947.

Mr. LEVINE. Yes.

Mr. SHIVITZ. Do those facts coincide with the records of your Bureau?

Mr. LEVINE. They do, sir.

Mr. SHIVITZ. Your testimony indicated that in 1936 a report on file in your Bureau set up a preliminary table of organization of the so-called One Hundred and Seventh Street mob?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. And subsequently there was a further and more detailed report on that mob in the files of your Bureau in 1940?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. Thereafter, there were individual direct cases, and then there were two large conspiracy cases; I believe one in 1941, you have testified to, and another in 1942?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. Is that correct?

Mr. LEVINE. That's correct.

Mr. SHIVITZ. Now, from your study of the records in these cases, and the convictions resulting therefrom, it is a fact, is it not, that all those indicated in the report, all those referred to in the report of the table of organization, some dozen individuals were convicted; is that correct?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. And the only ones who were not convicted were those who were described in that report as the leader and one of his lieutenants; is that correct?

Mr. LEVINE. That is correct, sir.

Mr. SHIVITZ. Will you please tell the committee the name of the man referred to in that report as the leader?

Mr. LEVINE. The man referred to in that report as the leader of the One Hundred and Seventh Street mob is one, Thomas Luchese.

Mr. SHIVITZ. And what is the name of his lieutenant?

Mr. LEVINE. His major lieutenants, rather, were Dominick Petrelli and Michael Coppola.

Mr. SHIVITZ. Was Petrelli convicted?

Mr. LEVINE. Petrelli was convicted and deported.

Mr. SHIVITZ. But the other man was not indicted or convicted?

Mr. LEVINE. That's right.

Mr. SHIVITZ. And that is Mike Coppola?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. In the 1936 report, did that indicate the name of the leader of the mob?

Mr. LEVINE. It did.

Mr. SHIVITZ. And who was he?

Mr. LEVINE. Ciro Terranevo.

Mr. SHIVITZ. And who was his lieutenant?

Mr. LEVINE. Thomas Luchese.

Mr. SHIVITZ. Continue.

Mr. LEVINE. During 1950, an investigation by narcotic agents which reached from Los Angeles to Trieste and Genoa, developed into one of the most significant cases, and probably shut off a considerable

source of supply of heroin from finding its way into this country's illicit traffic.

In March 1950, officers of the Los Angeles sheriff's office arrested Walter M. Henry, who had in his possession a quantity of heroin. Subsequent investigation by deputy sheriffs and narcotic agents disclosed that Henry was being supplied by an American seaman who smuggled large quantities of heroin from the port of Genoa, Italy, into this country.

Italian authorities, having previously requested assistance of American operatives in the investigation of the narcotics traffic between the two countries, two agents of the Bureau of Narcotics were sent to Italy. Collaborating with law-enforcement groups in Italy, and with Army and local police in Trieste, the agents conducted an extensive investigation, which resulted in the arrest of 17 principals, and the seizure of large quantities of heroin and crude opium destined for the American traffic. Among the men arrested were Riccardo Morganti and Cesare Melli, partners in a wholesale pharmaceutical concern in Trieste. Investigation revealed that Morganti and Melli had regularly purchased kilogram lots of heroin from licensed manufacturers. The drug was later diverted through illicit channels, particularly to Italian nationals, who were engaged in supplying heroin to the United States smugglers.

MR. SHIVITZ. I would like you to bring out, if you can, in greater detail, some of the methods employed by your Bureau in setting up these tables of organization, sources of your material, method you have of collating the same.

MR. LEVINE. Well, there are many sources of information available to the Bureau of Narcotics. The primary sources of information are persons who themselves are involved in the narcotic traffic associated with these various persons against whom generally direct cases are made. These people will talk to us, give us information. On many occasions the information given to us is given on the condition that they not be attributed to the person giving them.

However, by subsequent conversations with other persons involved in the traffic, we are in a position to place a value on that information as to its reliability.

There are other persons whom we do not involve in the narcotic traffic who also give us information. We also have available to us documentary evidence which we seize at the time of the arrests, telephone lists, correspondence of different sorts, all of which goes into the files.

As you brought out in one of your statements before, every agent in the Bureau reports whatever information he does get and places a value upon that information as to its reliability. All that information is collated and eventually rated as to its reliability.

MR. SHIVITZ. Now, with respect to the two reports you referred to in your Bureau, the 1936 and 1940 reports on the One-hundred-Seventh-Street mob, those were prepared as a result of years and years of investigation?

MR. LEVINE. That is right.

MR. SHIVITZ. And the collection of all of the facts which your Bureau obtained?

MR. LEVINE. Yes, sir.

Mr. SHIVITZ. Parts from the agents, as well as information applied by them who would not permit their names to be divulged?

Mr. LEVINE. That is right.

Mr. SHIVITZ. And also those who were arrested and prosecuted on direct cases?

Mr. LEVINE. Yes, sir.

Mr. SHIVITZ. As well as the observation of your agents and other law-enforcement officials throughout the country?

Mr. LEVINE. That is right.

Mr. SHIVITZ. As a matter of fact, throughout the world?

Mr. LEVINE. Yes.

Mr. SHIVITZ. And the accuracy of those reports are best attested to, are they not, by the fact that every one of the men mentioned in the last report, the 1940 report, which turned over a dozen names, was ultimately indicted and convicted with the exception of the leader and one of his lieutenants?

Mr. LEVINE. That is right.

Mr. SHIVITZ. At this time, Mr. Levine, have you any further recommendations to make to the committee with respect to the enforcement of these narcotic laws?

Mr. LEVINE. Well, I have several recommendations. I am sure that several of them have been made before, but I am sure that they warrant repetition.

Certainly, we who enforce the narcotics laws feel that short sentence for violation of the narcotic laws are no deterrent for their repetition. We firmly believe that mandatory sentences are in need for the proper handling of this problem. These persons who violate the narcotic laws must know that there is a severe penalty for such a vicious crime as peddling and dealing in narcotic drugs.

We also feel that there should be an increase in the strength of the Bureau of Narcotics, as brought out in the testimony here; that the Bureau has approximately 180 agents enforcing the Federal narcotic laws throughout the 48 States in the Territory of Hawaii.

We also feel—though I haven't brought it out in my testimony, to give you the instances—there should be a better means—and by that I am sure we mean financial means—of protecting Government witnesses.

In the past years we have had several instances where Government witnesses have been hurt. I believe the two most recent instances were one on the west coast, where a witness by the name of Davidian was murdered. A more recent one here in New York: a witness by the name of Noles was shot at in New York City here. So that we feel we should be in a position to afford more protection, better protection for people who do cooperate with us.

We also feel that there should be a centralized agency to maintain a gallery of major interstate racketeers, which agency would systematically collect and disseminate information respecting them; and with that, we give as an example the national and international lists which the Bureau of Narcotics provides to other law-enforcement agencies, giving them the benefit of the information that we have as to suspected traffickers in narcotic drugs.

As a recommendation, we feel that the States should set up narcotic-enforcement squads, such as the State of Pennsylvania and the State of California have. Unfortunately, on the State levels, most States

do not have facilities, nor do they have a separate agency to enforce the State narcotic laws.

Senator TOBEY. I am particularly interested in your comments about the Federal laws and the weak sentences which are applied in these breeches of the law, and I am informed by those who ought to know that the Federal laws particularly are conducive to light sentences, in comparison with State courts, and as I go back in memory over some of the cases we had in Washington of men in high places, which I referred to yesterday, 6 to 18 months, and so forth, the meat of the carcass is, isn't it, that the very fact that they know in the criminal world that these light sentences may follow is conducive to the keeping on of their activities and there is no discouragement to them to speak of; isn't that right?

Mr. LEVINE. Definitely.

Senator TOBEY. You would recommend, then, would you not, and I hope the committee will recommend, some provision, and insist and recommend very strongly, that the best deterrent to crime would be adequate sentences to the criminal interests who flaunt the laws of the country in Federal courts.

Mr. LEVINE. Absolutely, sir. We feel that the only deterrent that these persons will have to keep them out of the business would be the realization that if they are caught and convicted, they will be out of circulation for a long time.

Senator TOBEY. I am sure the public opinion of the man in the street across the country would concur in what you say.

Mr. LEVINE. I hope so.

The CHAIRMAN. Have you anything else, Mr. Shivitz?

Mr. SHIVITZ. I have nothing further.

The CHAIRMAN. Mr. Halley?

Mr. HALLEY. No questions.

The CHAIRMAN. Mr. Levine, I think you brought this matter out, but I think we should make it clear, that is, that people who are engaged in the narcotics trade or violation of the Harrison Narcotic Act, are also the people that you generally find in other kinds of criminal activity, racketeering and gambling; they all run along together, do they not?

Mr. LEVINE. Yes, sir.

The CHAIRMAN. And other agents have told us that when they go to a city looking for a narcotics suspect, that the place they would go to would be where the gambling casinos are and the places where other types of criminal activity are taking place; is that correct?

Mr. LEVINE. It is one of the good places to go. The returns from narcotic peddling are high, and you must have money to patronize gambling joints.

The CHAIRMAN. Mr. Anslinger, in testifying before the committee in Washington, gave us quite a list and discussed the people on this list in some detail and, as I remember, these people were not only in narcotics, they were also in gambling, stealing automobiles, black-marketing activities, and all other kinds of related activity; is that right?

Mr. LEVINE. That is true. That has been our experience.

The CHAIRMAN. Sometimes they will be in one, they will get into another, and then back into narcotics.

Mr. LEVINE. That is right. They are dealing with the same people at all times, whether they are trafficking in narcotics, or counterfeit money, or interstate theft.

The CHAIRMAN. So that leads you to say that there should be an over-all compilation of national and international criminal activities and not just one department dealing with one thing to the exclusion of what information some other department may have about those particular people?

Mr. LEVINE. That's right, there should be a proper dissemination of information at the various enforcement agencies of the Federal Government.

The CHAIRMAN. I think it is well to point out that in the Federal Government, I believe a study was made some 10 or 12 years ago—and perhaps it would be even more complicated at the present time—showed that there were some twenty-odd departments or agencies that had investigative staffs. For instance, the Post Office Department has a very good investigative staff; Securities and Exchange; Agriculture; Internal Revenue; Secret Service; Narcotics, of course; Federal Bureau of Investigation; Immigration and Naturalization; and many, many others. There has been some effort made toward integrating, I think, the investigative activities, or at least for an exchange of information between the Bureau of Internal Revenue and the Federal Bureau of Investigation or the Department of Justice. I am not sure that it has been very successful, but your opinion, and I think it is the opinion of others in your Bureau and in the Federal Government generally—certainly it is the feeling of the members of this committee—that there should be as little duplication as possible and if the investigators of one department have information which would be useful to another agency in working out its case, there should be an exchange of information and a consolidation of activity; isn't that true?

Mr. LEVINE. That's right, sir. There definitely should be an interchange of information.

The CHAIRMAN. Then I think also if some better means could be worked out for interchange of information between Federal, State, and local law-enforcement officers and the investigative bureaus of the Federal Government, that we would get further with, get along better in an effort to combat criminal activity in the country; isn't that your opinion?

Mr. LEVINE. It is, sir.

The CHAIRMAN. I think it should be also pointed out that, as you have indicated, the Bureau of Narcotics under Mr. Anslinger today, has just about the same appropriation they had in 1930, which means that with the necessary higher salaries that you have a smaller staff now than you had in 1930?

Mr. LEVINE. We do.

The CHAIRMAN. And I personally want to say, and we in our first interim reports, the committee, unanimously agreed on this, that the Bureau of Narcotics and some other investigative agencies of the Federal Government are considerably understaffed, many of the agents are underpaid, and I particularly wish to pay very high tribute to the agents in the Bureau of Narcotics.

Mr. LEVINE. Thank you.

The CHAIRMAN. You gentlemen never give any consideration about whether you are working overtime or not, you work on Sundays; agents that we have found are devoted to their work and do many things over and above the ordinary call of duty. We find everywhere that the narcotic agents, with the small staff that you have, really make the greatest possible effort not only toward the eradication of narcotics but toward cooperating with other Federal investigative agencies and State investigative agencies as a general effort against organized crime and it all does go along together; that is quite true, isn't it?

Mr. LEVINE. That is very evident, sir.

Mr. SHIVITZ. There is one other point I would like to make with this witness, if I may.

The CHAIRMAN. May I also ask Mr. Levine about this? In New Orleans and other places where we have talked with narcotics agents, they have told us that, at least in the East, the price in the country is fixed by the price in New York City or in the New York section; is that correct?

Mr. LEVINE. Unfortunately, it would appear to be true. The greatest—the most important smuggling port is the port of New York. Consequently, the initial point of distribution would be New York, and the prices would emanate from New York City, and would be reflected all over the country.

The CHAIRMAN. Is that true even on the west coast?

Mr. LEVINE. Primarily for heroin, because, again, heroin, being the drug of preference, is smuggled through the port of New York and begins its distribution all over the country from this area.

The CHAIRMAN. So the price here would also fix the price—although it would be considerably higher—for heroin in New Orleans, Chicago, New York City, and other parts of the United States?

Mr. LEVINE. That's right.

The CHAIRMAN. And it is usually smuggled, I believe, from New York to these other parts by airplanes these days, is it not?

Mr. LEVINE. Airplanes are one means of conveyance. Ships are one stand-by, of course.

The CHAIRMAN. I mean across the country.

Mr. LEVINE. Oh, across the country, yes; it is the most expeditious means of transportation today.

The CHAIRMAN. The marijuana, however, a considerable amount of marijuana, I believe, comes from Mexico to New York City?

Mr. LEVINE. Mexico and South American countries.

The CHAIRMAN. All right, Mr. Shivitz.

Mr. HALLEY. Before you get to another subject—pardon me, Mr. Shivitz—

Mr. SHIVITZ. Surely.

Mr. HALLEY. What are the chief sources of supply, in terms of foreign countries today?

Mr. LEVINE. Iran, Turkey, for the crude opium, and, progressing in the manufacture of the drugs, you have your smuggling from French and Italian ports.

Mr. HALLEY. Have the Italian ports become more important in the narcotics smuggling racket in recent years?

Mr. LEVINE. In recent years, our figures have shown that progressively the amount of drugs seized by the customs authorities from

Italian ports have been growing. They have been becoming larger from year to year.

Mr. HALLEY. And at about what time did the Italian ports appear to become important in the narcotics traffic?

Mr. LEVINE. Since the war. From 1947 on, the seizures from Italian ports have become larger.

Mr. HALLEY. 1947 was the year in which Lucky Luciano was deported to Italy?

Mr. LEVINE. It was, it was.

Mr. HALLEY. Thank you. All right, Mr. Shivitz.

The CHAIRMAN. Mr. Shivitz.

Mr. SHIVITZ. Mr. Levine, Senator Kefauver has pointed out the fact that your Bureau is ready to exchange and give its information and records to any other Federal agency or any State or municipal law-enforcement agency; is that right?

Mr. LEVINE. That's correct.

Mr. SHIVITZ. And isn't that brought about by two things? First, you require and desire the cooperation of these agencies in your own work?

Mr. LEVINE. That's right.

Mr. SHIVITZ. Secondly, you find it almost imperative that you get such cooperation by virtue of the small size of your staff?

Mr. LEVINE. Very true.

Mr. SHIVITZ. And, thirdly, it is also very important that you get the help of local law-enforcement officials by virtue of the fact that, for example, in New York State, the requirements of the Federal courts with respect to making out cases, because of the laws on unlawful search and seizure, are much more stringent than those of the State; isn't that so?

Mr. LEVINE. That is true.

Mr. SHIVITZ. And it is easier to make out a case in the State courts than it is in the Federal courts?

Mr. LEVINE. In many instances.

Mr. SHIVITZ. Unfortunately or not, do you find that the State and local agencies throughout the country, as well as some of the Federal agencies, are not so ready to reciprocate your readiness to give them information?

Mr. LEVINE. Well, I wouldn't say that they are not ready to reciprocate. I would say this, however: That they are not as conscious of the narcotic problem as we are. And primarily because of our small force, we are not in a position to contact as many of the local law-enforcement agencies as we would like to.

In other words, to give you a specific example: In New York State we have approximately 50 agents in New York City, and God knows we need them and need more. And for the rest of the State of New York, we are only able to have one man in the city of Buffalo. That leaves us all this great area which we are unable to contact and educate, which is our primary purpose with the local authorities; educate them to the enforcement of the law. First of all, teach them what it is, and show them what to look out for.

If we can't educate them and contact them, we can't say that they are uncooperative. I wouldn't say that they are uncooperative. I would say that they are ignorant of the problem.

MR. SHIVITZ. You feel that in a great measure that is because you are unable to explain it to them by virtue of the size of your staff?

MR. LEVINE. And be there at all times, to be cooperating with them and working along with them. We have too few personnel to do that.

MR. SHIVITZ. I have no further questions.

SENATOR TOBEY. There is one question, Mr. Chairman.

Does your department ever, in its desire to put down this evil, prepare data in succinct form to turn over to the educational institutions and boards and schools of the country, recording graphically the evils of the marijuana traffic, especially in view of what you told us yesterday?

MR. LEVINE. Well, I will tell you, Senator Tobey: We have felt that any educational program to try to reach the country itself, the lay person, about narcotic drugs tends to create a morbid curiosity for the drug and thus would eventually defeat its own purpose. In that regard I would say this:

That Canada prepared a documentary film such as you describe within the past 2 years, I believe, or 3 years, and their statistics definitely show that they have had a greater increase in youthful addiction than we here have had.

SENATOR TOBEY. That is rather a sad commentary on the human mind, is it not?

MR. LEVINE. It must be. But that seems to be the fact, Senator Tobey.

THE CHAIRMAN. Mr. Levine, I think it is noteworthy that a UN commission has been working on the problem of getting at the source of narcotics over the world.

MR. LEVINE. Yes, sir.

THE CHAIRMAN. And Mr. Anslinger says that considerable progress is being made. I think that is one of the—certainly one of the great things that one of the UN committees is doing at the present time.

MR. LEVINE. And as I indicated in the early part of my report yesterday, that the major problem that they do have is the fact that the estimated needs legitimately for medicinal and scientific purposes are 400 tons of opium annually, and the approximate production at the present time of raw opium is about 3,000 tons.

Consequently we have the additional 2,600 tons each year which are potentially destined to this country, primarily because we have more money here to spend for drugs. And they aim their product at the market here in this country.

I am not saying that we get all this 2,600 tons. But they sure must be buying for this market here.

THE CHAIRMAN. Anything else?

MR. SHIVITZ. No, sir.

THE CHAIRMAN. Thank you very much, Mr. Levine.

THE CHAIRMAN. Our next witness?

MR. HALLEY. Our next witness is Frank Bals. And Mr. James Walsh will examine the witness, Mr. Chairman.

THE CHAIRMAN. I think it will be well to state for the record that we have notified witnesses generally that witnesses who appear here will remain under subpoena so that we would not have to serve another subpoena on them in the event we wish them to come back. We may

not call on many of them to testify again before this committee expires, but we do want to keep all of the witnesses who testify under continuing subpoena until such time as they are notified to the contrary.

FURTHER TESTIMONY OF FRANK C. BALS, FORT LAUDERDALE, FLA.

The CHAIRMAN. Mr. Bals, do you solemnly swear the testimony you give this committee will be the whole truth, so help you God?

Mr. BALS. I do.

The CHAIRMAN. Mr. James Walsh will examine Mr. Bals.

Mr. WALSH. Mr. Bals, will you give your full name, please?

Mr. BALS. Frank C. Bals, 1945 Karen Drive, Fort Lauderdale, Fla.

Mr. WALSH. What is your occupation?

Mr. BALS. I am retired.

Mr. WALSH. From the New York City Police Department?

Mr. BALS. I am.

Mr. WALSH. When did you retire?

Mr. BALS. February 1947—1947, February 1 or January 31.

Mr. WALSH. What position did you occupy at the time of your retirement?

Mr. BALS. I was the seventh deputy police commissioner.

Mr. WALSH. How long had you held that position, Mr. Bals?

Mr. BALS. From April 17 until January 31.

The CHAIRMAN. Mr. Bals, will you endeavor to speak a little louder, or pull the microphone a little closer to you, so we can hear it better?

Mr. WALSH. And prior to being the seventh deputy police commissioner, you were the secretary to the police department?

Mr. BALS. I was.

Mr. WALSH. Was there any distinction between your duties as secretary to the department and seventh deputy police commissioner?

Mr. BALS. None.

Mr. WALSH. You merely changed titles?

Mr. BALS. That's correct.

Mr. WALSH. And while you were secretary to the department, you did not perform any secretarial duties?

Mr. BALS. I did not.

Mr. WALSH. Now, what was the nature of your duties as the seventh deputy police commissioner?

Mr. BALS. I had organized a squad of men for the purpose of obtaining information on crimes. The purpose of that squad was to analyze crime from day to day. In other words, we received the reports which consisted of the teletype, the unusuals, the DD4's; and by analyzing them, you could get a crime picture of the entire city. These were put together by the clerical men; and the detectives, or my commanders—that's the captain and the lieutenant—would get them together, and then the men would go out and try to seek information.

Mr. WALSH. Now, how did that crowd come to be organized, Mr. Bals.

Mr. BALS. Well, I was working in the district attorney's office in Brooklyn—that's in 1940-41. We had discussed the value of an information squad. When I say "we," I mean Mr. O'Dwyer and myself. That came about due to the fact that many times when we looked for information we had to go to individual detectives. The

individual detective could give it to you; but there would be no record in the detective office.

So we thought it was a good idea if, when the detectives go out and interview people, especially going around in their haunts, that they would make a record of whom they spoke to, who he was with, time and place, and establish a system and make a record of all that. And that's what they did.

Mr. WALSH. Do you mean, Mr. Bals, that prior to 1946 there was no central information bureau such as you have described?

Mr. BALS. I don't think there was.

Mr. WALSH. And after you took over on January 2, 1946, you were secretary of the department?

Mr. BALS. Yes.

Mr. WALSH. That was your first appointment, was it not?

Mr. BALS. That's correct.

Mr. WALSH. You created such a central filing system or information system?

Mr. BALS. I did.

Mr. WALSH. And where did you keep that information?

Mr. BALS. That was kept in the office—in my office on the third floor.

Mr. WALSH. And they were made permanent records of the police department?

Mr. BALS. They were.

Mr. WALSH. When you retired on January 31, 1947, you left those records there?

Mr. BALS. That is correct.

Mr. WALSH. What did you do with the original of those records?

Mr. BALS. The originals were personally delivered by me to the police commissioner.

Mr. WALSH. How many copies were made?

Mr. BALS. Well, there was at least an original and a carbon. What I mean—any papers we had, there was a copy kept in the office, so that there were at least two copies that I know of.

Mr. WALSH. One carbon was at least kept in the office of the seventh deputy?

Mr. BALS. That is correct.

Mr. WALSH. Now, Mr. Bals, how did you go about selecting this squad that you mentioned a moment ago?

Mr. BALS. Well, that was done by Captain McNally, and I think Lieutenant Sloan had a hand in that—I am not too sure—but those men were recommended to me. A lot of men I knew. I mean some of those men had worked with me previous.

Mr. WALSH. Some of the men you personally selected, and some Captain McNally and Lieutenant Sloan selected?

Mr. BALS. Well, I didn't do very much selecting. There was one man in particular that I brought in there—that's John McCarty—because he had worked with me for years.

Mr. WALSH. Did you discuss the formation of this squad with anyone in the police department?

Mr. BALS. Commissioner Wallander was the only one.

Mr. WALSH. And when did you discuss it with Commissioner Wallander?

Mr. BALS. I believe—the only way I can fix that time is, it was in between the time Mr. O'Dwyer was elected and he came back from California. I met him at the airport and I also met Commissioner Wallender there.

Mr. WALSH. Was this appointment by prearrangement?

Mr. BALS. No; it was not.

Mr. WALSH. You just went out to the airport and met Mayor O'Dwyer and Commissioner Wallender?

Mr. BALS. Well, I had no idea of seeing Commissioner Wallender, but I knew Mr. O'Dwyer was coming in.

Mr. WALSH. Who broached the subject of your coming back into the police department?

Mr. BALS. Mr. O'Dwyer. The first I knew—may I explain that?

Mr. WALSH. Surely.

Mr. BALS. The first I knew of that was through a newspaper article, through a release that Mr. O'Dwyer gave in California, and that's the first time I heard mention of the seventh deputy police commissioner.

Mr. WALSH. What was the substance of that release, Mr. Bals?

Mr. BALS. Well, it was a release, it was a newspaper release stating that he was going to bring me back in the police department as a seventh deputy commissioner.

Mr. WALSH. Prior to the release he had not discussed this with you?

Mr. BALS. No; he did not. The only—now, may I clarify that?

Mr. WALSH. Surely.

Mr. BALS. Before he went away I did see him and he did say that I would come back with him, but in what capacity I didn't know.

Mr. WALSH. That was during the campaign of '45?

Mr. BALS. It was either during the campaign—I think it was after the election.

Mr. WALSH. Were you active in the campaign in 1945?

Mr. BALS. I was not.

Mr. WALSH. Did you make any political contributions to the campaign?

Mr. BALS. I did not.

Mr. WALSH. Did you solicit any?

Mr. BALS. I did not.

Mr. WALSH. Now, when you formed this squad, did Commissioner Wallender suggest the formation of the squad, how it should be formed?

Mr. BALS. No; he did not.

Mr. WALSH. Did you have all detectives in this squad?

Mr. BALS. No; I did not. I had six plain-clothes men for a period there.

Mr. WALSH. And six detectives?

Mr. BALS. That's correct.

Mr. WALSH. Now, what was the——

Mr. BALS. When I say six detectives, there was chauffeurs and clerical men; I mean, that would bring the number up more than that.

Mr. WALSH. Omitting the chauffeurs——

Mr. BALS. You mean the working force?

Mr. WALSH. The working force, the field force.

Mr. BALS. That's right.

Mr. WALSH. Six detectives and six plainclothesmen for the field force?

Mr. BALS. That's correct.

Mr. WALSH. Now, who suggested the introduction of plain-clothes men into this squad?

Mr. BALS. That was part of the scheme of things.

Mr. WALSH. Well, whose scheme?

Mr. BALS. Well, the idea of that was to bring the plain-clothes men in so we could get information as to the gambling connection with the rackets and I feel, or I felt that if you can get information in reference to other crime from the gambling end of this job and make those plain-clothes men conscious of the other end of the job, we would go a long way.

Mr. WALSH. Now, your squad was an antiracketeering squad, wasn't it?

Mr. BALS. Well, it was more of an information squad.

Mr. WALSH. Now, wasn't it called an antiracketeering squad, commonly?

Mr. BALS. Well, I don't know. The newspapers called it a whole lot of things.

Mr. WALSH. Well, what was the function of your squad, as you understood it?

Mr. BALS. The function of that squad was to analyze the crime conditions from day to day and get the men out to see if they could get information which would assist other branches of the department.

Mr. WALSH. And the purpose of having plain-clothes men was to see if there was a tie-up between organized crime and the rackets?

Mr. BALS. To try to find out if there was any connection.

Mr. WALSH. In that connection, did you cause to be made any investigation of any of the well-known racketeers?

Mr. BALS. No.

Mr. WALSH. Did you cause any investigation to be made of Frank Costello?

Mr. BALS. I did not.

Mr. WALSH. Joe Adonis?

Mr. BALS. No, sir.

Mr. WALSH. Do you know Joe Adonis?

Mr. BALS. I don't know him personally.

Mr. WALSH. I mean your official connection, your official business. You were a detective in Brooklyn for many years, were you not?

Mr. BALS. That's right.

Mr. WALSH. And does he have a reputation for controlling the rackets in Brooklyn?

Mr. BALS. He has a reputation for being connected with them.

Mr. WALSH. Did you attempt to ascertain what that connection was?

Mr. BALS. No; I didn't.

Mr. WALSH. Now, how long were you active as seventh deputy police commissioner?

Mr. BALS. Well, from about January 2 until about—oh, I would say around the 1st of July, or in or thereabouts.

Mr. WALSH. Isn't it a fact that you were not appointed seventh deputy police commissioner—

Mr. BALS. Well, I thought it was understood to the effect that as seventh deputy police commissioner and secretary of the department, it was one and the same thing. As far as the squad goes, that had no bearing.

Mr. WALSH. As a matter of fact, the seventh deputy commissioner and the secretary of the department aren't the same?

Mr. BALS. I take it for granted that we aren't talking about that. I take it we are talking about the operations of the squad.

Mr. WALSH. I am talking about how long you were actually active as seventh deputy police commissioner.

Mr. BALS. That would be from April 17 until around 1st of July, I believe.

Mr. WALSH. Well, what happened in or about June of 1946?

Mr. BALS. There was a complaint came in, a general complaint, and there was an investigation conducted by Deputy Chief Fristensky; he is now first deputy police commissioner.

As a result of that, I don't believe any of the accusations were substantiated, but the squad—I was left with one working man, and an office force.

Mr. WALSH. Isn't it a fact that on June 12, 13, 1946, one, two, three, four, five, six, seven, eight, nine, ten—ten men either resigned or retired from your squad, in June of that year?

Mr. BALS. No, I don't think so.

Mr. WALSH. Is that the date that they were relieved of assignment to your squad?

Mr. BALS. They may have been sent back to their original command then.

Mr. WALSH. So on June 14 you lost how many men in your squad, altogether?

Mr. BALS. I would say about six or seven.

Mr. WALSH. I am reading from the official roster submitted by the police department. It shows approximately eight having been relieved of assignment—eight or more having been relieved of assignment on that day.

Mr. BALS. Well, that would be correct. If you have the record there, I am sure it is correct.

Mr. WALSH. And after you were relieved of assignment, or these men were relieved of assignment on June 14—12, 13, or 14, 1946—did you continue actively in the department as the seventh deputy police commissioner?

Mr. BALS. I did. When you say "actively" I didn't function the way I had prior to that. But I still held the office.

Mr. WALSH. What did you do?

Mr. BALS. As usual, I reported to the police commissioner every morning, and the assignments were very, very small. There is only about two that I can recall. There is one, I think it was on primary day, when I was put out in charge of a borough, and another one on election day. But outside of that, my functions weren't very much.

Mr. WALSH. In other words, between June 12, at least, and primary and election day, those are the only assignments you can recall?

Mr. BALS. That's the only thing; yes, sir.

Mr. WALSH. Except going in to see the police commissioner?

Mr. BALS. That's right.

Mr. WALSH. You performed no work, no services of any kind?

Mr. BALS. Not that I can recall.

Mr. WALSH. So for a period of less than 2 months you were the seventh deputy police commissioner actively performing services for the city and the police department?

Mr. BALS. That's correct.

Mr. WALSH. Prior to your retirement as a seventh deputy police commissioner, you were retired from the police department as a lieutenant?

Mr. BALS. No. I retired on an acting captain's pay.

Mr. WALSH. What was your pension, Mr. Bals?

Mr. BALS. Oh, I think it was around \$2,300.

Mr. WALSH. Then after your assignment as a seventh deputy police commissioner, and your retirement, did you retire again?

Mr. BALS. I did.

Mr. WALSH. What was your pension then?

Mr. BALS. It was \$6,000.

Mr. WALSH. What was your salary while you were actively employed in the police department as an acting captain?

Mr. BALS. As an acting captain?

Mr. WALSH. Yes.

Mr. BALS. I think it was \$4,500.

Mr. WALSH. What was your salary as the deputy police commissioner?

Mr. BALS. I think the basic pay was \$6,300. But there is a cost-of-living allowance came into that. Just what that was, I don't know. I think it ran around \$6,800, or something like that.

Mr. WALSH. The cost of living, you mean that was the raise granted by the city, but which was not a permanent one; is that what you mean by that?

Mr. BALS. That's right.

Senator TOBEY. What did that amount to in dollars?

Mr. BALS. About \$500, I think.

Senator TOBEY. So that your salary was \$6,300, and you got \$6,800?

Mr. BALS. That's correct, sir.

Senator TOBEY. And then you testified that you retired on six-thousand-dollars-odd?

Mr. BALS. That's right.

Senator TOBEY. In other words, you retired on retirement basis on practically your entire income while you were on duty; is that correct?

Mr. BALS. That's correct.

Senator TOBEY. My knowledge of pensions, especially in Washington, it is about one-half of that—that you would get there. I raise my eyebrows about that. Is that the usual course of retirements in New York City? Do they get practically the whole pay?

Mr. BALS. No. There is a special section of the law that pertains to police commissioners and deputy commissioners. And that law read that they shall be entitled to at least half of the pay of a chief inspector.

Senator TOBEY. No matter what their office is?

Mr. BALS. That's right.

Senator TOBEY. In other words, the chief inspector's salary puts the standard for all officials?

Mr. BALS. No; for commissioners and deputy commissioners.

Mr. WALSH. Mr. Bals, you referred to that provision of the city charter which says that if a member of the police department who has served 20 years——

Mr. BALS. That's right.

Mr. WALSH. And is retired and then shall serve as a police commissioner or a deputy police commissioner, he shall, upon retirement, get the pension given to a chief inspector; is that right?

Mr. BALS. Well, I think the law reads at least half of the pension of a chief inspector.

Mr. WALSH. In any event, the pension that is commonly given to a chief inspector.

So, for less than 2 months' active work as a seventh deputy police commissioner, you received a pension two and a half times or better than your pension which you retired on as an acting captain?

Mr. BALS. That is correct.

Mr. WALSH. And almost equivalent to your salary as a deputy commissioner?

Mr. BALS. That is correct.

Senator TOBEY. On the thesis advanced by the gentlemen from the Narcotics Department, if you publicized these inconsistencies in these things and so forth, the public appetite is whetted and the condition is established all over the country, then if this news gets out from this hearing room this morning I predict that all over the country you will find pensions rising and claims on the part of beneficiaries. I think it is an amazing thing that you should get for life a payment in retirement equivalent to what you get in salary. It looks to me like special privilege to the nth degree. I wonder if the taxpayers in the city realize that? Is that a city ordinance, or ruling of the commissioner or what?

Mr. BALS. That law went into effect in 1940.

Senator TOBEY. Was that a State law?

Mr. BALS. No, I think it is part of the city charter.

Senator TOBEY. I see.

Mr. WALSH. Mr. Bals, if we advise you that inquiry at the police department discloses that there were no records left from your command how would you account for that?

Mr. BALS. I couldn't account for it.

Mr. WALSH. You are certain that you left records?

Mr. BALS. They were left there when I left; yes sir.

Senator TOBEY. Someone stole them; didn't they? What is your best guess on that?

Mr. BALS. I wouldn't even venture a guess, Senator.

Senator TOBEY. Aren't you an American citizen? Don't you have a desire and a thirst for knowledge? Your testimony—well I hope it will come out here.

Mr. WALSH. You say you are positive you left these records?

Mr. BALS. I am absolutely sure of that.

Mr. WALSH. Now, can you tell us during this 2-month period just exactly what were your findings with respect to racketeering in the city of New York?

Mr. BALS. I made no investigations. My squad was strictly information. I wasn't going out making investigations. We were analyzing crime and the men were going out getting information. We did

get some very valuable information on that squad and it was turned over.

Mr. WALSH. What were the results of your analysis?

Mr. BALS. The daily analysis would show the criminal trend all over the city in reference to homicides, robberies, burglaries. I made no record of a general analysis of it.

Mr. WALSH. But, Mr. Bals, the daily record of how many homicides, robberies, and burglaries that are committed in the city of New York was always a matter of record even before you became a member of the police department; isn't that so?

Mr. BALS. That's right.

Mr. WALSH. So when you added up the column of figures that somebody else had obtained, you weren't doing very much; were you?

Mr. BALS. Well, it wasn't a question of adding up a column of figures, Mr. Walsh. It was a question of trying to get a trend of how these gangs were operating. I am speaking about robberies and things.

Mr. WALSH. That is precisely what—

Mr. BALS. I can give you a specific case which will demonstrate the value of the squad.

Mr. WALSH. Give us not a specific case, but give us the result of your findings after this 2-month period, or the 4- or 5-month period.

Mr. BALS. I didn't make a general analysis. That was a function of another branch of the department.

Mr. WALSH. Well, what was your function?

Mr. BALS. My function was to obtain information on current crime.

Mr. WALSH. All right. In June of 1946 did you have a conference with Commissioner Wallander?

Mr. BALS. I did have a talk with him.

Mr. WALSH. Did he tell you why he was relieving you of your men and command?

Mr. BALS. He did not.

Mr. WALSH. Did you ask him?

Mr. BALS. I did not.

Mr. WALSH. Do you have any idea why he relieved you?

Mr. BALS. Well, the squad was never well received in the department. I think the real idea was to satisfy some of these complaints or the complaint that was received.

Mr. WALSH. Why wasn't the squad well received?

Mr. BALS. Well, it was something that had never been tried in the department, and I think it was more jealousy than anything else.

Mr. WALSH. Well, the gathering of information and who commits crime has been tried in the department for many years isn't that so?

Mr. BALS. That's right.

Mr. WALSH. And the compiling of statistics has been tried. You have a statistical bureau?

Mr. BALS. That's right.

Mr. WALSH. So what wasn't tried, Mr. Bals, in the department before your squad was created?

Mr. BALS. I don't think any squad gave consideration to the entire city. The idea of it is that when a crime is committed it is not exactly local. The precinct detective or the commander, the only

thing that he is interested in is his own precinct. The same way with the district commander. Now, if people——

Mr. WALSH. Just a moment, Mr. Bals. Isn't the precinct commander interested in ascertaining the perpetrator of the crime and apprehending him?

Mr. BALS. Yes; that's right.

Mr. WALSH. And whether it is in his precinct, or any other precinct?

Mr. BALS. That's right.

Mr. WALSH. Now, what were you interested in that was different from that?

Mr. BALS. I was interested in—in trying to see where the perpetrators came from and how they were operating. Now, oftentimes you get people operating from lower Manhattan over in Brooklyn; and if you can get information on those gangs operating in Brooklyn, you have something.

Mr. WALSH. Just tell us. That is precisely what we are asking. What were your findings? What gangs did you find were committing these crimes?

Mr. BALS. Well, any time we got any information, it was transcribed, and I personally delivered that to the police commissioner.

Mr. WALSH. You read it before you delivered it?

Mr. BALS. That's right.

Mr. WALSH. You signed your name to it?

Mr. BALS. I did.

Mr. WALSH. Now, what did you read?

Mr. BALS. Well, I can't tell you any specific case at this time; but I know at the time that there were results obtained.

Mr. WALSH. You mean isolated cases of some information which resulted in——

Mr. BALS. In an arrest.

Mr. WALSH. In an arrest. But that wasn't your function. That's the function of the detective division, isn't it?

Mr. BALS. No; that was my function as the seventh deputy police commissioner.

Mr. WALSH. No. Your function was to analyze crime.

Mr. BALS. I wouldn't say that.

Senator TOBY. That's what you said.

Mr. BALS. Analyze crime from day to day, and then send the men out to try to get information on the current crime.

Mr. WALSH. But every policeman is trying to get information on crime?

Mr. BALS. That's right.

Senator TOBEY. Or are they?

Mr. BALS. Well——

Senator TOBEY. When you were removed by Mr. Wallander, when was that?

Mr. BALS. I wasn't removed.

Senator TOBEY. When you were relieved from this special assignment, when was that.

Mr. BALS. That was the latter part of June, I believe.

Senator TOBEY. What year?

Mr. BALS. I wasn't removed.

Senator TOBEY. When you were relieved from this special assignment, when was that?

Mr. BALS. That was the latter part of June, I believe.

Senator TOBEY. What year?

Mr. BALS. 1947.

Senator TOBEY. Then did you continue on in some other capacity in the police force?

Mr. BALS. I stayed as a seventh deputy commissioner.

Senator TOBEY. And when you had charge of Abe Reles locked in a hotel room, was that after you were removed from this assignment, or before?

Mr. BALS. That was about 6 years before.

Senator TOBEY. About 6 years before?

Mr. BALS. That's right.

Mr. WALSH. Mr. Bals, I believe you said 1947, in response to Senator Tobey's inquiry. Did you mean——

Mr. BALS (interposing). That's a mistake. That's 1946; yes.

Mr. WALSH. You mean 1946?

Mr. BALS. Yes.

Mr. WALSH. That was just shortly less than 2 months that you were actively engaged as the seventh deputy police commissioner?

Mr. BALS. That's right.

Mr. WALSH. But after 6 months of doing the same type of work; is that correct?

Mr. BALS. That's right, that's right.

Mr. WALSH. You have already testified that as secretary of the department, you did the same work?

Mr. BALS. That's right.

Mr. WALSH. And after 6 months' work, you now tell us that you came to no conclusion, you remember nothing at all, about major racketeering in the city of New York?

Mr. BALS. I wasn't investigating major racketeering, Mr. Walsh.

Mr. WALSH. Wasn't that what your conversation with Mayor O'Dwyer was, to form a squad for major crime?

Mr. BALS. No; I don't think so. It was to keep in touch with current crime. I didn't have enough——

Mr. WALSH. Small crime?

Mr. BALS. No, current crime.

Mr. WALSH. Bookmaking?

Mr. BALS. No; not bookmaking. No matter who was involved in crime——

Mr. WALSH. Not bookmaking? You mean you were specifically ordered not to do anything on bookmaking?

Mr. BALS. No, sir. Bookmaking is another branch of the department. Your plain-clothes men handle that, Mr. Walsh.

Mr. WALSH. Well, you had six plain-clothes men, Mr. Bals. What did they handle?

Mr. BALS. That's correct. They went out to get information, and there were quite a few reports that we turned in there, and they were submitted to the police commissioner.

Senator TOBEY. I should think that you would turn in a lot of reports, with six plain-clothes men, and a seventh deputy commissioner, and I don't know how many others under you.

What did the taxpayers get in results? Did they get any net results from you in your job?

Mr. BALS. I got one good result.

Senator TOBEY. What was that?

Mr. BALS. We had a man shot over in Brooklyn, left in a car with eight bullet holes, and in 4 days we got the information, and there was a conviction in that case, and the man is serving 40 to life.

Senator TOBEY. That was the result of your having six plain-clothes men in your department?

Mr. BALS. The direct result of information.

Senator TOBEY. Wouldn't the result have been the same if you had not existed?

Mr. BALS. I don't know. I can't answer that.

Mr. WALSH. You got the information that that man went into a hospital, did you not?

Mr. BALS. That's right.

Mr. WALSH. Is there anything extraordinary about that information?

Mr. BALS. Yes; it was very unusual.

Mr. WALSH. And you don't think anybody else would have gotten it but your squad?

Mr. BALS. I don't know if they would have or not. They didn't get it until we got it.

Mr. WALSH. Now, you testified that you spent about 24 years in the police department as a member of the uniformed force?

Mr. BALS. That's right.

Mr. WALSH. Now, most of that time was spent in the Borough of Brooklyn, wasn't it?

Mr. BALS. That's right.

Mr. WALSH. And you were familiar with and worked on Murder, Inc.?

Mr. BALS. That's right.

Mr. WALSH. And you were familiar with Anastasia?

Mr. BALS. I was.

Mr. WALSH. You were?

Mr. BALS. Familiar with Anastasia?

Mr. WALSH. The operations of Anastasia?

Mr. BALS. Well, when you say "familiar," Anastasia was very much—comes very much into Murder, Inc.

Mr. WALSH. And you were familiar with the ramifications of that case?

Mr. BALS. I was.

Mr. WALSH. And its tie-up with the rackets?

Mr. BALS. I was.

Mr. WALSH. Now, you know that there were a number of unsolved murders in Brooklyn?

Mr. BALS. That's right.

Mr. WALSH. And a homicide case is always current, isn't it?

Mr. BALS. It is.

Mr. WALSH. No statute of limitations on that?

Mr. BALS. That's right.

Mr. WALSH. Did you make any effort to investigate any of those cases, attempt to turn up any leads in connection with those old homicides?

Mr. BALS. At that time I was in Brooklyn?

Mr. WALSH. No; at the time you were seventh deputy police commissioner and had the major racketeering squad.

Mr. BALS. No; I didn't.

Mr. WALSH. Well, did you do anything with respect to racketeers at all?

Mr. BALS. As an investigation, no, no; I wouldn't say that I did.

Mr. WALSH. Well, Mr. Bals, we are trying to find out what you did. It is very difficult. Outside of going in to talk to the police commissioner in the morning, and having your clerical staff review forms prepared by other people in the department—you don't remember your analysis, and you came to no conclusions, and you found no evidence of any major crime; is that right?

Mr. BALS. I wouldn't say I found no evidence. I would say I made no investigation as to major crime.

Mr. WALSH. Did you make any investigation of the bookmaking?

Mr. BALS. No; I didn't.

Mr. WALSH. What were the six plain-clothes men doing? They were experts in that field, weren't they?

Mr. BALS. Yes; and they were going out and gathering information, and as it was transcribed, all the reports were turned over to the police commissioner.

Mr. WALSH. Did you have any other unusual innovations in your squad? What did you do? Where did you get this information? How did it come to you?

Mr. BALS. Through the detectives or plain-clothes men that were working for me.

Mr. WALSH. Well, how did they obtain it?

Mr. BALS. They obtained it out in the field. Just where they got it, I would not know.

Senator TOBEY. In Washington we have numerous departments and boards that have their agents out all the time on special fees and salaries, and they make surveys and inventories and schedules, and they exhaust the patience of the people they interview, and they return home and sign them and look them over and they put them into a vault, where moths don't corrupt, and they are still there tomorrow and afterward, and the total result, so far as the taxpayer is concerned, is that that represents a large goose egg. I hope the analogy is clear.

Mr. WALSH. Now, did any informants come to you directly at police headquarters?

Mr. BALS. They did not.

Mr. WALSH. How did they communicate with you?

Mr. BALS. The informants?

Mr. WALSH. Yes.

Mr. BALS. They would not communicate with me. They would get in touch with the detectives.

Mr. WALSH. How would they get in touch with the detectives?

Mr. BALS. I don't know. That I couldn't testify to.

Mr. WALSH. Well, did there come a time when you leased a post-office box?

Mr. BALS. There was.

Mr. WALSH. What was the point in that, Mr. Bals?

Mr. BALS. I don't know who brought the suggestion to me, but it was thought a good idea that if we had a box, a post-office box, with a number, people who would give you information could drop a letter without exposing themselves, and it would be a very good idea.

That suggestion came to me. I discussed it with the men. I also discussed it with the police commissioner, and with his approval we did establish a box, and the arrangements were made through inspector—one of the postal inspectors—Graham. The box was established in Church Street, and the key was kept in the office by Acting Lieutenant Mulligan.

Mr. WALSH. Was the name of the box "New York City Police Department"?

Mr. BALS. It was not. That was the purpose, not to have it there.

Mr. WALSH. The name of a member—your name?

Mr. BALS. I don't know—no; not my name; no, sir. I don't know whose name was on it, Mr. Walsh.

Mr. WALSH. Now, during this time that you were seventh deputy commissioner and secretary of the department, did you ever order your men to do anything with respect to bookmaking?

Mr. BALS. Outside of the plain-clothes men, to go out and gather the information, as I testified; no.

Mr. WALSH. Now, you testified before there was some hard feeling in the police department with respect to your squad.

Mr. BALS. That's right.

Mr. WALSH. Now, did that arise out of any activity on the part of your men in connection with bookmakers?

Mr. BALS. I couldn't testify to that. I don't know just what caused it.

Mr. WALSH. What did you hear?

Mr. BALS. Well, I didn't—as far as what I heard, I couldn't testify to that exactly, Mr. Walsh. But what created the hard feeling there, it was rumored that I was going to be the police commissioner, I was going to be a lot of things, and I think that was the foundation of the uneasiness and they were definitely just rumors, because there was never anything to indicate that.

Mr. WALSH. You know there were some rumors with respect to members of your command being involved with bookmakers?

Mr. BALS. I didn't get those rumors. The first inkling I got of that was when that investigation was conducted by Deputy Chief Fristensky.

Mr. WALSH. Did you make any investigation yourself?

Mr. BALS. I was part of that investigation.

Mr. WALSH. And did you find out whether that was true or false?

Mr. BALS. The accusations were never substantiated.

Mr. WALSH. So that in this period of time you feel that there is no justification for rumor, published reports from time to time, that men on your squad were involved with bookmakers and gamblers?

Mr. BALS. I have no knowledge of it and I personally certainly will not accuse them.

Mr. HALLEY. May I ask a few questions?

The CHAIRMAN. Mr. Halley.

Mr. HALLEY. Mr. Bals, I believe I personally made a commitment before you took the stand that you would be permitted to state for

the record your accomplishments in the police department, and before I ask you any questions I want to give you that opportunity.

Mr. BALS. Thank you, sir. I was appointed to the police force the result of a civil-service examination on August 4, 1915. In 1917 I entered the United States Army and served 22 months, 15 months of which was overseas. I returned to this country and I was reassigned to a command in Brooklyn. While at that command I received my first commendation. I arrested two armed bandits in the dead of the night.

I was there a few years. When they held their first detective school, I attended that. The result of that school, I tied for No. 1 on the list and was assigned to the detective division. I was assigned to the Brooklyn Avenue precinct, and while there my first year I again arrested two bandits, received my second commendation, two armed bandits for holding up a subway.

From there I was assigned to a gangster squad under Commissioner Enright. I worked there about a year and I was again returned to the Grand Avenue precinct. After a few days I was reassigned to the detective division to the Stagg Street precinct. From there I worked a summer in Coney Island—they send men down there temporarily. While at the Coney Island precinct I arrested a bandit in the dead of the night, armed, who had committed 10 robberies, and I was promoted to a second-grade detective.

From there I was sent to the Fourth Avenue precinct; as the result of a civil-service examination I was promoted to a sergeant. The same day I was made an acting lieutenant and put in charge of a squad, Classon Avenue. I was there a short time. Then Inspector Sullivan, who was later a deputy commissioner, asked me would I consider an assignment to Bath Beach, where they had trouble.

I took that assignment, and in 1 year that I was there, we had over 40 murders in that local precinct.

Just to mention it, that's the precinct where the first armored truck was held up. That's just to give you an idea of the type.

I was able to cut those murders down, after 1 year, to two murders. That took constant work, day and night.

In 1931, again as a result of civil-service examination, I was promoted to a lieutenant.

I remained in command of Bath Beach.

In 1935, Commissioner Valentine designated me an acting lieutenant in charge of the district.

While I worked at that district, we had many important crimes. One was the Katz kidnaping that we had results in. And one of the outstanding cases was the Schwartz robbery. They held up a woman in her home, tied up and gagged the child. The result of that robbery was that we got the men: we found out that they were involved in bank robberies and everything else.

I worked for over 30 days with Inspector Guerney of the FBI. The result was that we broke the Norwalk Bank.

There was a man out for over 6 years that committed a bank robbery in upper New York.

We also broke the Edison jobs in Manhattan here. That consisted of, where these bandits went into two Edison offices here, with over 100 people in there, held them up and stole a large amount of money. They were convicted.

The same two fellows later broke out of Sing Sing, killing a guard, and a policeman. One of the fellows was killed; the other fellow got away. But he later was apprehended and electrocuted.

Then another outstanding case was the killing of Dr. Engelberg. Dr. Engelberg was an attaché to the German consul's office; it was right prior to the war. There were all kinds of rumors why he was killed, and why he wasn't—it was an international plot.

The result of that case is, we were able to apprehend the perpetrator in Canada. He was tried and convicted. And the only thing that that plot turned out was that Dr. Engelberg and this fellow had been friendly, and it was just one of those things. There was no international aspect to it at all.

Then, of course, in 1940, I was assigned by Commissioner Valentine, temporarily assigned, to the district attorney's office. I did work on Murder, Inc. The results of that were that there were seven men electrocuted in Brooklyn.

We cooperated with the Narcotic Bureau. As a matter of fact, it was the narcotic agent that arrested one of the men, Weiss, in Kansas City, and turned him over to us.

The result of that case is, we had a trial in California. Of course, that didn't turn out; those men were acquitted.

We had a conviction for the Dutch Shultz case in Jersey. We dug up the Panto body. We went to Sullivan County and dug up Hymie Yuran. There is a conviction there of this fellow Drucker, I think.

Did I mention the Newark case of Dutch Shultz?

Mr. HALLEY. Just in passing.

Mr. BALS. Well, that's in it. That's about the sum and substance of it.

Mr. HALLEY. Now, then, in 1941 you retired from the department; did you not?

Mr. BALS. I did.

Mr. HALLEY. And did that follow some controversy you had with the then Mayor LaGuardia?

Mr. BALS. It did.

Mr. HALLEY. And immediately after that you were appointed by District Attorney O'Dwyer?

Mr. BALS. No; I think there was a lapse of about a month.

Mr. HALLEY. A month later?

Mr. BALS. Yes. I was appointed chief investigator for Kings County.

Mr. HALLEY. And then you continued under O'Dwyer to work on the Murder, Inc., case; is that right?

Mr. BALS. There wasn't much to continue. You must remember, Mr. Halley, the war broke out then. The war broke out; and Mr. O'Dwyer was getting set to go into the Army. As a matter of fact, I made an application to get back into the Army. And things slowed down.

Mr. HALLEY. About that time you got into a second dispute with LaGuardia, did you not, because he wanted some of the records involved in the unexplained death of Abe Reles?

Mr. BALS. No; I didn't get in any dispute with him, Mr. Halley. But there was a communication come through, and upon some reason or other, I knew that communication was in the making for over a

month. And it was the day Lepke and Capone and Weiss were sentenced that I was called over to the then Assistant Chief Ryan's office, and he gave me the communication. And I felt that in order to comply with that report, I would have to violate my confidence with that office, reveal a lot of stuff that shouldn't have been revealed, and there was no way out for me.

Mr. HALLEY. So you just flatly refused to give the information to Mayor LaGuardia?

Mr. BALS. That's right; and I retired.

Mr. HALLEY. Now then, were you the man in charge of the detail of police guarding Abe Reles?

Mr. BALS. That came directly under me, yes, sir.

Mr. HALLEY. And were you physically present in the Half Moon Hotel when Reles fell out of a window to his death?

Mr. BALS. I was not.

Mr. HALLEY. But the men under you were; is that right?

Mr. BALS. They were.

Mr. HALLEY. And Reles was at that time the chief witness in the Murder, Inc. case, which was then pending; is that right?

Mr. BALS. Well, he was one of the chief witnesses. I would say there was a better witness than Reles.

Mr. HALLEY. Is he still around?

Mr. BALS. Tannenbaum is a better witness than Reles.

Mr. HALLEY. Is he still around?

Mr. BALS. I wouldn't know where he is.

Mr. HALLEY. That would be the case of Anastasia——

Mr. BALS. I think he could tell a whole lot about that.

Mr. HALLEY. What is your view for the reason that Albert Anastasia was never prosecuted for that?

Mr. BALS. Well, while we were working on that case, we did everything to apprehend Anastasia. As a matter of fact, I had men as far as Cuba on him, and all our Federal agents were cooperating with us on him, and we just didn't apprehend him—I mean through no fault of any of the police, Federal or otherwise.

Mr. HALLEY. Well, you have read the presentment of the Brooklyn grand jury, have you not, condemning the failure to prosecute Anastasia as being highly culpable on the part of the district attorney's office?

Mr. BALS. No; I didn't read it.

Mr. HALLEY. Have you heard of it?

Mr. BALS. I have heard something about it; yes, sir.

Mr. HALLEY. And have you heard that Mayor O'Dwyer agreed with them: that he said there was no excuse for not prosecuting what he called the "perfect murder case"?

Mr. BALS. I heard that; yes, sir.

Mr. HALLEY. Can you explain to the committee how the "perfect murder case," so described before the grand jury by Mayor O'Dwyer, was allowed to go unprosecuted?

Mr. BALS. Well, no; I can't explain that, because I had a different opinion on that. And of course, I will say this: that as far as my opinion goes, it might not amount to a whole lot because I am not an attorney.

Mr. HALLEY. Well, let's see: Albert Anastasia enlisted in the United States Army, didn't he?

Mr. BALS. I don't know that, sir.

Mr. HALLEY. And served in the Army in this country?

Mr. BALS. I wouldn't know that.

Mr. HALLEY. Well, that was during the war. You were chief investigator in the D. A.'s office, were you not?

Mr. BALS. That's right.

Mr. HALLEY. Didn't you continue following up his whereabouts?

Mr. BALS. Personally, there was nothing to stop it, because there was alarms out on him, and everybody was informed on him. I made no—

Mr. HALLEY. Pardon me. But I had the impression that you said a little while ago that the reason the Anastasia case was dropped was that Anastasia himself couldn't be found, and you had the FBI looking for him in certain foreign countries.

Mr. BALS. No, I didn't mean to give that impression, Mr. Halley.

Mr. HALLEY. Who was it that couldn't be found?

Mr. BALS. Anastasia couldn't be found. But to give the impression that that was the reason we didn't prosecute him, I didn't want to give it that way.

Mr. HALLEY. I interpreted it that way because Anastasia certainly during the war could have been found, if he was in the Army; couldn't he?

Mr. BALS. He might have. I had a very funny case, a similar case to that. I had a fellow in charge of an electrical shop in a shipyard, and he was wanted for over 8 years, and it was just through an incident in that yard—and he had been in the Army—that his prints turned up, and I turned the information in. They missed the prints on him.

Senator TOBEY. Mr. Halley, what you say is so correct. Any man with ordinary intelligence knows if a man is in the Army and you get his serial number, the War Department or any Senator will find out where he is pronto for you—if you had the desire to do it.

Mr. BALS. If you knew—

Senator TOBEY. If you knew what?

Mr. BALS. If you knew he was in the Army. I didn't know he was in the Army.

Senator TOBEY. Did you ask the draft board?

Mr. BALS. No, sir.

Senator TOBEY. That is where you would find out.

Mr. BALS. That would be the last place I looked for him.

Senator TOBEY. Why didn't you ask the draft board that put him in the Army where he was and what his number was? Did you want to find him or didn't you? Or did you want not to find him?

Mr. BALS. Personally, I wanted to find him.

Senator TOBEY. Who told you not to find him?

Mr. BALS. Nobody told me.

Senator TOBEY. Then why didn't you find him?

Mr. BALS. Because I didn't have the opportunity.

Mr. HALLEY. Well, as chief investigator of the district attorney's office in Kings County, what did you do to find Anastasia between the years 1941 and 1946?

Mr. BALS. Between 1941 and 1946 I was only the chief investigator; I wasn't investigator that long. I was only the chief investigator for a period of about a year, when I resigned that position.

Mr. HALLEY. When did you resign?

Mr. BALS. Sir?

Mr. HALLEY. When did you resign?

Mr. BALS. Oh, I think about a year later. I only held that job about a year.

Mr. HALLEY. During the year you were there, what did you do?

Mr. BALS. Well, personally the files and the wanted cards were still in existence. As far as the making a personal investigation, I didn't make it. As a chief investigator, I didn't have the squad I had as an acting captain. I lost my police squad.

Mr. HALLEY. Would you say—and I am not going to try to retry the Anastasia case here—but would you say that while you were chief investigator the Anastasia file was a nonactive file in the district attorney's office?

Mr. BALS. Well, I wouldn't say it was nonactive; I would say that, as far as I am concerned, there wasn't very much done on it.

Mr. HALLEY. Well, you took no activity; is that not right?

Mr. BALS. No, no.

Mr. HALLEY. You mean that you did take any activity?

Mr. BALS. No, I didn't taken any specific activity against Anastasia.

Mr. HALLEY. In order to find him?

Mr. BALS. No, sir; as chief investigator, no, sir.

Mr. HALLEY. And did you ever hear that the wanted cards on Anastasia were removed from the files of the police department?

Mr. BALS. Yes, sir; I heard that. I heard that through the Beldock investigation. As a matter of fact, I was working in a shipyard, and I testified before that grand jury. That's the first time I got any inkling that anything like that was going on.

Senator TOBEY. Who had charge of those files?

Mr. BALS. After I left, I think a Sergeant Divers took over the police function. You see, when I was assigned as chief investigator, I lost the police end of this thing. I mean as far as police files, and everything else, and they were turned over to somebody else. I had no jurisdiction.

Mr. HALLEY. Well, any police file would be available to the district attorney's office on request; would it not?

Mr. BALS. Certainly, certainly.

Mr. HALLEY. Have you any explanation of how the wanted cards might have been removed from the police files?

Mr. BALS. No, sir; I have not.

Mr. HALLEY. Did you ever order them removed?

Mr. BALS. I did not.

Mr. HALLEY. Do you know whether Jim Moran ever ordered them removed?

Mr. BALS. I do not.

Senator TOBEY. Well, they were removed, of course. Somebody opened the files, used their fingers, and took it out; didn't they?

Mr. BALS. You wouldn't do it that way.

Senator TOBEY. How would you do it?

Mr. BALS. You would have to order a removal in headquarters. Those files are kept in headquarters. That would be in the BCI. Somebody would have to request a removal.

Mr. HALLEY. That would be, if it were a legal removal. But, of course, if somebody filched them from the files, he certainly wouldn't go out and get an order for them.

Mr. BALS. I don't think he could, personally. He would have to get somebody who had access to those files.

Senator TOBEY. That has been done before. In your crime work, did not you find an in-between man to do things, rather than the principals themselves?

Mr. BALS. That's right.

Senator TOBEY. Yes. There is nothing strange about that.

Mr. BALS. No.

Mr. HALLEY. Did you ever hear of Sergeant Divers?

Mr. BALS. Divers?

Mr. HALLEY. Yes.

Mr. BALS. Yes.

Mr. HALLEY. Did he have anything to do with the removal of the files?

Mr. BALS. I couldn't answer that question, because I wasn't in the office.

Mr. HALLEY. Well, did you ever say that you thought Sergeant Divers ordered the removal of those files?

Mr. BALS. I never said that; no, sir.

Mr. HALLEY. Was Sergeant Divers under your command?

Mr. BALS. He was until I was made chief investigator. Then he was in command of the police detail at the district attorney's office.

Mr. HALLEY. And was Sergeant Divers in direct control of those files?

Mr. BALS. The police files at the district attorney's office?

Mr. HALLEY. Yes.

Mr. BALS. Yes.

Mr. HALLEY. Well, what disciplinary action was taken against the police officers who were charged with the responsibility of guarding Abe Reles?

Mr. BALS. They were tried. They were tried, and I think most of them were sent to patrol.

Mr. HALLEY. They were demoted, in other words?

Mr. BALS. Yes, sir.

Mr. HALLEY. Was any disciplinary action taken against you?

Mr. BALS. It was not.

Senator TOBEY. Well, you hired these men, didn't you? You appointed these six men who were custodians of Reles' body or person in July; didn't you?

Mr. BALS. Yes; I selected them.

Senator TOBEY. And you hired the hotel and arranged for it, didn't you, to incarcerate him?

Mr. BALS. I didn't personally make the arrangements.

Senator TOBEY. You selected the hotel, didn't you?

Mr. BALS. No; I did not.

Senator TOBEY. Who did?

Mr. BALS. I couldn't tell you that.

Senator TOBEY. After it was selected, you had charge of the room, didn't you?

Mr. BALS. That's right.

Senator TOBEY. And you appointed six men, patrolmen, put them in there to guard Reles, didn't you?

Mr. BALS. I didn't pick the men out. The men were assigned to me.

Senator TOBEY. Oh, they were? You had nothing to do with it?

Mr. BALS. No, sir.

Senator TOBEY. Would you have picked those same six men if you had been picking them out?

Mr. BALS. Most likely I would.

Senator TOBEY. And you closed up all the doors of the hotel room excepting one, didn't you?

Mr. BALS. That's right.

Senator TOBEY. There was only one egress and ingress to that apartment where Reles was confined, and that was open, subject to lock and key of the guard; is that right?

Mr. BALS. That's right.

Senator TOBEY. And so one morning you were called up, you had to get out of bed, and you were told Reles was dead, and you tumbled down there to see, didn't you?

Mr. BALS. That's right.

Senator TOBEY. And you found Reles' body down about seven or eight stories on a railing, didn't you?

Mr. BALS. Five stories below on a roof.

Senator TOBEY. And was he dressed in his pajamas?

Mr. BALS. He was fully dressed.

Senator TOBEY. Fully dressed?

Mr. BALS. That's right.

Senator TOBEY. So that Reles, at five or six in the morning, fully dressed, is found dead five or six floors below with six policemen of the city of New York on guard to see that that didn't happen, and I asked you in the confidential hearing we had held, how you explained it, and you said—this is a wonderful answer—you said, "I imagine they all fell asleep at the same time." That is an amazing thing, isn't it; six policemen, different mental temperaments, different nervous strains, different amounts of avoirdupois and thinness, different signs of nervous emotions and reactions, all fell asleep at the same time. Somebody said, "Now, boys, this is it. Shut your eyes and go to sleep."

Well, they fell asleep and then Mr. Reles went to a window and killed himself and was found below, fully clothed. Did he think he was going out somewhere?

Hadn't he gone to bed that night? These are questions that come up. Is that a fair picture?

Mr. BALS. I wouldn't say it is.

Senator TOBEY. How would you tell it?

Mr. BALS. Well, in the first place, Reles attempted, from all indications, tied a bed sheet to a piece of wire, piece of telephone wire.

Senator TOBEY. In the room?

Mr. BALS. In the room, and that wire was tied onto a radiator and as he got down the window he only had one sheet; the only place he could go is to the window below. The sheet pulled out of the wire, the sheet gave way, and he fell on the roof below.

Senator TOBEY. He took a sheet and tore it up and made a rope of it, and he tied it to a wire, and all that thing that make noise, and he was fully dressed with his shoes on, and he walked around, and these somnolent policemen slept on in the arms of Morpheus; is that right? No one batted an eyelash, nobody was troubled. Then he opened the window and he attached himself to the wire and cord and down he

went, and the thing dropped and he fell to his death; is that a fair picture?

Mr. BALS. I imagine it is.

Senator TOBEY. All right. Now, when they found Mr. Reles' body, what did you do, hoist it up six stories back to his room, into the suite, and take it out?

Mr. BALS. When I got there, all authorities were notified. As far as the body is concerned, nobody touches a body in this city until the medical examiner arrives. There were pictures taken of the body, of every angle of the room.

Senator TOBEY. With his clothes on?

Mr. BALS. There were pictures taken just as he was found.

Senator TOBEY. With his clothes on?

Mr. BALS. Certainly.

Senator TOBEY. That wouldn't show any stabs in the body, would it?

Mr. BALS. It would not.

Senator TOBEY. No; and it wouldn't show any bullet holes, would it?

Mr. BALS. It would not.

Senator TOBEY. Therefore, when the body got to the morgue, and the autopsy was made—have you seen the report of the autopsy?

Mr. BALS. No, I haven't, but I have an idea that the report will show that he died as a result of a fall.

Senator TOBEY. You have an idea. Weren't you interested, having charge of the man and the mortification of having him go to his death and circumvented you, to look at the report and go down and see the body itself and to find out the truth about the six policemen?

Mr. BALS. Well, I know that is the cause of his death?

Senator TOBEY. How do you know?

Mr. BALS. The result of a fall—from the medical examiner.

Senator TOBEY. But you yourself didn't go down to the morgue, did you?

Mr. BALS. No; I did not.

Senator TOBEY. What did you say to these six policemen when you came back into the room and looked down five stories and saw Reles' body? What did you say to them?

Mr. BALS. Well, I don't know. They were all questioned and a record made of it. I just can't recall.

Senator TOBEY. Did you have a sense of righteous indignation?

Mr. BALS. Well, certainly.

Senator TOBEY. Or did you say, "Boys, this is too bad, poor Abe is dead"? What did you say? And then Reles was the star witness against Anastasia, wasn't he?

Mr. BALS. That's right.

Senator TOBEY. If he hadn't died, he would have testified against him, wouldn't he?

Mr. BALS. That's right.

Senator TOBEY. And if he had lived, he would have testified against them, would he not?

Mr. BALS. That's right.

Senator TOBEY. And he probably would have been electrocuted, wouldn't he?

Mr. BALS. I don't know.

Senator TOBEY. He was convicted and sent up there, and lived a year in the death house, didn't he?

Mr. BALS. That's right.

Senator TOBEY. And then he was sent up to the court of appeals?

Mr. BALS. That is right.

Senator TOBEY. But you would have had some evidence you didn't have if he hadn't gone that way?

Mr. BALS. That's right.

Senator TOBEY. The whole thing, from the standpoint of the citizen, and the country, as well as New York, is a tawdry mess, smells under heaven; and I don't believe that honest truth has ever been told about it; probably won't be until the day of judgment.

Six policemen going to sleep at the same time, and you in charge of them. Why, it's ridiculous. O'Henry, in all his wonderful moments, never conceived of such a wonderful silly story as this.

The CHAIRMAN. Mr. Bals, why did you take him to a hotel in the first place?

Mr. BALS. Senator, if we didn't take him to a hotel—that was customary around the city here. When you get an important witness like that, you have to baby him.

I will say it is not an easy job to live with these fellows for practically 2 years and try to get information out of them. If you took those fellows to a civil prison, you surely wouldn't get any information out of them. You may not have them.

The CHAIRMAN. He had already signed a confession at that time?

Mr. BALS. Yes.

The CHAIRMAN. And he was willing to testify. You were just keeping him at a hotel?

Mr. BALS. Yes. But you have got to keep those fellows in good spirits.

Senator TOBEY. What with?

Mr. BALS. What I mean by—with their living conditions. If you throw them in a jail and they turn back on you, you are not going to use them as witnesses. That isn't done as easy as it appears.

The CHAIRMAN. Did he have a suite all to himself?

Mr. BALS. No, he did not.

The CHAIRMAN. Did you have these six men there?

Mr. BALS. I think there were six other men there; six other witnesses.

The CHAIRMAN. So it is customary, where you have a witness who has already given you a confession, a signed statement, you have to keep him in good spirits in a hotel until he testifies; is that so?

Mr. BALS. No, that isn't the customary procedure, Senator. It was, in this case; because this was a rather unusual case.

Senator TOBEY. Before you selected these six policemen, did the man who selected them bring them down to Abe Reles and say, "Now look, Abe, he will be a genial companion, this fellow, in this hotel; and a fine bodyguard, and he will be a very genial companion in order to play gin rummy, and drink gin, and so forth."

What did you do? You had to make it congenial for him. Did you pick out six fellows of the bruiser type, tell him where he got off, and watch him day and night, and follow his duties as a servant of the people?

These men forfeited their trust. What did you do? You slapped their wrists when they got through, put them down one rank, or how many ranks?

Mr. BALS. I didn't put them down at all.

Senator TOBEY. Were they kicked out of the force?

Mr. BALS. They were not.

Mr. HALLEY. Now, Mr. Bals, getting along with Mr. Reles prior to his death, he had made certain statements and given some evidence, had he not?

Mr. BALS. That's right.

Mr. HALLEY. And it concerned the detailed operations of a gang of men who ruthlessly ordered murders on a wholesale scale; is that right?

Mr. BALS. That's correct.

Mr. HALLEY. And it was called Murder, Inc., because there appeared to be a close-knit syndicate, almost like a board of directors; is that right?

Mr. BALS. That was the newspapers.

Mr. HALLEY. What was the fact?

Mr. BALS. Well, it was a closely knit organization.

Mr. HALLEY. It is the fact, is it not?

Mr. BALS. Yes; sure.

Mr. HALLEY. And before anybody was murdered, the matter wasn't taken lightly, there were conferences, and——

Mr. BALS. They had to get permission to murder anybody.

Mr. HALLEY. Who did they have to get permission from?

Mr. BALS. Anastasia.

Mr. HALLEY. From whom?

Mr. BALS. Anastasia.

Mr. HALLEY. Were there certain conferences held that you understood had been held in New Jersey, to order certain executions?

Mr. BALS. There was one there.

Mr. HALLEY. Who told you about that?

Mr. BALS. I think Tannenbaum. As a matter of fact, I know Tannenbaum, because he was present.

Mr. HALLEY. Who else was present at that, according to Tannenbaum?

Mr. BALS. Well, according to Tannenbaum, there was Bugsy Siegel and Meyer Lansky. That was the only two that is clear with me at this time.

Mr. HALLEY. Weren't there some others that you mentioned when you were talking to members of our staff here?

Mr. BALS. Well, if there was, I just don't recall it. But I definitely know they were there.

Mr. HALLEY. Didn't the name of Frank Costello come up during your talk with members of our staff here?

Mr. BALS. I don't recall that, Mr. Halley.

Mr. HALLEY. You remember——

Mr. BALS. I may have said it.

Mr. HALLEY. You remember being in the office of the committee on February 22, 1951?

Mr. BALS. That's right. That was just before I was going back.

Mr. HALLEY. And do you remember saying that certain witnesses, including Reles, had mentioned Costello's name in connection with Murder, Inc.; Frank Costello?

Mr. BALS. I don't remember saying that, sir.

Mr. HALLEY. Don't you remember having been examined by——

Mr. BALS. What three names did I give? May you refresh my recollection on that? I only know three of them that was there. That is Bugsy Siegel—

Mr. HALLEY. Perhaps I will let you read it, because I certainly don't want to volunteer any names that you will deny.

Mr. BALS. It is not a question of denying.

Mr. HALLEY. Will you read paragraph 4, and see if it refreshes your recollection of what you said [handing document to Mr. Bals]. That is a memorandum that was made immediately after the conference with you.

Senator TOBEY. Read it out loud.

The CHAIRMAN. Suppose we let him refresh his recollection, if he can.

Mr. BALS. There is no doubt I said it. But if I mentioned Costello's name at that time, I have nothing to base it on.

Mr. HALLEY. But you did mention Costello's name when you talked to members of our staff; is that right?

Mr. BALS. I may have; yes, Mr. Halley.

Mr. HALLEY. Well, you did, in fact, didn't you?

Mr. BALS. I doubt. I don't recall saying it, but I could have said it. I don't have a bit of doubt that your record is more accurate than I was, because I can tell you at that time I was trying to make a train, and I don't know why I mentioned Costello.

I can give you the three names. There is a record of that case in Los Angeles, and everybody connected with it, and everything else, is on record there.

Mr. HALLEY. We are not talking specifically about the Greenie case, but you mentioned certain conferences in New Jersey.

Mr. BALS. There was a conference in Jersey before Greenie was killed. And at that conference I remember that Zwillman, Bugsy Siegel, and Tannenbaum were there.

Mr. HALLEY. Which Zwillman is this?

Mr. BALS. That is Longie Zwillman in New Jersey.

Mr. HALLEY. Who told you that?

Mr. BALS. Tannenbaum. As a matter of fact, it was—what makes me sure of those names, I remember some of the incidents in it. I mean, it is not just remember names.

Mr. HALLEY. Let's have some of the details.

Mr. BALS. Well, as far as the detail of that case goes, they were looking for this fellow Greenie, and Siegel said, "I will get Greenie for you. He is out in California," and it was then they made arrangements to go to California and help kill Greenie. And Zwillman met Tannenbaum some place near Newark, in Newark, and instead of taking a plane at Newark, they drove to Trenton, and from Trenton went into Philadelphia, and went into Wanamaker's and bought the bullets, and then went to the coast.

Mr. HALLEY. That is what Tannenbaum told you?

Mr. BALS. Yes, sir; and that was brought out at the trial, too.

Mr. HALLEY. And you are saying that during the course of these discussions with Tannenbaum, Costello's name had cropped up in connection with some of these conferences; is that right?

Mr. BALS. No; I can't just recall it. Costello's name was mentioned many times.

Mr. HALLEY. Well, in connection with that investigation?

Mr. BALS. I wouldn't say in connection with that investigation.

Mr. HALLEY. In connection with some of the Murder, Inc.?

Mr. BALS. Some of them; yes.

Mr. HALLEY. In connection with some of them, the answer is "Yes"?

Mr. BALS. That's right.

Mr. HALLEY. Had Costello been examined by the office of the district attorney of Kings County during the course of the Murder, Inc., investigation?

Mr. BALS. No, sir; no, sir.

Mr. HALLEY. Can you think of any reason why Costello was not examined?

Mr. BALS. Because we never had anything to talk to him on, nothing direct.

Mr. HALLEY. Now, when did you resign as a chief investigator?

Mr. BALS. In 1943, I think in January 1943.

Mr. HALLEY. Had William O'Dwyer already joined the Army of the United States?

Mr. BALS. Yes, sir. I think he joined early in May of 1942, if I remember right—May or June.

Mr. HALLEY. When he left, who were the leading members of the staff of the district attorney's office who were left there to carry on?

Mr. BALS. I think Mr. Hughes was the chief investigator, and he was the acting district attorney. There was Burton Turkus.

Mr. HALLEY. Heffernan?

Mr. BALS. Heffernan was there.

Mr. HALLEY. And you were the chief investigator?

Mr. BALS. That's right, and Moran was chief clerk.

Mr. HALLEY. Moran was chief clerk?

Mr. BALS. That's right.

Mr. HALLEY. What instructions did District Attorney O'Dwyer give you about carrying on the Murder, Inc., investigation when he left?

Mr. BALS. I don't think he gave me any specific instructions.

Mr. HALLEY. Did he say to anybody that you know of that, "This is the most important case we have. Carry it on"?

Mr. BALS. I don't recall that. It may have happened. I don't recall.

Mr. HALLEY. You don't recall any instructions of any specific nature?

Mr. BALS. No, sir; I do not.

Mr. HALLEY. So that after the district attorney left, for all practical purposes, the Anastasia case and the Murder, Inc., investigation became a file; is that right?

Mr. BALS. Well, it wasn't very active.

Senator TOBEY. And even the file disappeared?

Mr. BALS. Well, I wouldn't know that, sir.

Senator TOBEY. Well, you know it disappeared. The record disappeared, and, as a matter of fact, don't you know that Mr. O'Dwyer said, "We have a perfect case against Anastasia"?

Mr. BALS. I have heard that.

Senator TOBEY. Wasn't it true?

Mr. BALS. It my be.

Senator TOBEY. And Reles was the chief witness?

Mr. BALS. He was an important witness.

Senator TOBEY. And he was known as that by the enforcement officers?

Mr. BALS. That's right.

Senator TOBEY. And he was going to appear for them?

Mr. BALS. That's right.

Senator TOBEY. What reason did Reles have to commit suicide?

Mr. BALS. I don't think he did.

Senator TOBEY. What do you say he did?

Mr. BALS. I think he tried to get down the fifth-floor window. I think he was too much of a coward to commit suicide.

Senator TOBEY. You think he tried to escape? How long would Reles know he could be around New York and Brooklyn, with his reputation, as a freeman.

Mr. BALS. I don't think he intended to escape.

Senator TOBEY. Well, what was he doing, going to get a drink?

Mr. BALS. No; come down from the fifth floor, and get down the stairs, and go in and just kid around with them.

Senator TOBEY. I see. We are learning something here.

Mr. BALS. That is my——

Senator TOBEY. He had a great sense of humor, didn't he?

Mr. BALS. He did.

Senator TOBEY. A pretty grim sense of humor, I would say.

Mr. BALS. That's right.

Senator TOBEY. Resulting in rigor mortis.

Mr. BALS. That's right.

Senator TOBEY. It is nothing to laugh at. All these cock and bull stories, hide and go seek.

Mr. HALLEY. Now then, getting on to 1945, in November, O'Dwyer was elected mayor, of course, and in December you met him at the airport?

Mr. BALS. That's right.

Mr. HALLEY. When he returned from his vacation on his brother's ranch?

Mr. BALS. That's right.

Mr. HALLEY. You had, on previous occasions—at least once—been out to California with the mayor, had you not?

Mr. BALS. I have made several trips to California; yes.

Mr. HALLEY. And you were on very close personal terms with him?

Mr. BALS. That's right, that's right.

Mr. HALLEY. And you and Commissioner Wallander met him at the airport?

Mr. BALS. Well, I would like to explain that. I went there alone. When I got to the waiting room, Commissioner Wallander was there, whom I have known for a great many years, and that wasn't by any prearrangement.

So the mayor came in, and the three of us—I think rode back to New York in his car. I just don't recall that. My memory is not too clear on that.

Mr. HALLEY. And on the way back, there was a discussion——

Mr. BALS. There was a discussion about the squad, and about me——

Mr. HALLEY. The topic of conversation on the way back from the airport, you might say—you might say it was the mayor's first official act after having been elected—was to talk about what your function was; is that right?

Mr. BALS. That's right.

Mr. HALLEY. And what was your function so described on the drive?

Mr. BALS. That I was to organize an information squad, and in that squad, in order not to override anybody, or anything else, we were not to make arrests. We were to analyze crime and try to keep up to date on conditions in New York City from day to day.

Mr. HALLEY. Yes, of course; you also did start reporting on the names and places of bookmaking?

Mr. BALS. Yes.

Mr. HALLEY. That was the major function?

Mr. BALS. It wasn't the major function. It was an important function of it while the plainclothesmen were there, yes.

Mr. HALLEY. We have checked the statistics for scratch sheets sold in New York City year by year, and 1946 was the peak year.

Mr. BALS. Yes.

Mr. HALLEY. Forty-two million scratch sheets were sold in 1946. Would that indicate to you that there was any extensive activity of bookmakers in New York City?

Mr. BALS. Well, I wouldn't—I wouldn't judge it that way.

Mr. HALLEY. You would not judge it that way?

Mr. BALS. No, sir.

Mr. HALLEY. In your investigation, did you find evidence of bookmaking?

Mr. BALS. We did.

Mr. HALLEY. And you submitted the reports to the commissioner?

Mr. BALS. That's correct.

Mr. HALLEY. You made no arrests with your squad?

Mr. BALS. No, sir.

Mr. HALLEY. What happened to your reports?

Mr. BALS. They were given to the police commissioner, and duplicate files were kept in my office. From then on, I don't know what became of them. I mean, I don't know what the commissioner did with them.

Mr. HALLEY. And shortly after that, there was pressure brought to bear to abolish the squad; is that right?

Mr. BALS. That's right.

Mr. HALLEY. And why do you think that pressure was brought to bear?

Mr. BALS. Well, it would say it was through more—more through jealousy than anything else.

Mr. HALLEY. Well, I think you stated when we interviewed you—and I will quote, because I think this was read to you three or four times, and you accepted it—I will read the whole paragraph in context to you.

During the course of the spring of 1946, the squad started reporting all names and places of bookmaking. They made no arrests, but they did submit reports which were given to Wallander. The top brass got scared that Bals might be starting a real investigation of their protection racket. Therefore they became uneasy and brought pressure to abolish the squad on the ground that it was cutting across lines of authority.

Mr. BALS. I would say that is pretty near right.

Mr. HALLEY. That summarizes the situation?

Mr. BALS. That's right.

Mr. HALLEY. Now, there was a pretty well crystalized protection racket, wasn't there, in the police department in 1946 when you were investigating?

Mr. BALS. I don't quite understand that question, Mr. Halley.

Mr. HALLEY. Well, wasn't there a regular system of police protection for bookies?

Mr. BALS. I have no personal knowledge of that.

Mr. HALLEY. Well, you told the staff of this committee in some detail about it, did you not?

Mr. BALS. I don't remember that.

Mr. HALLEY. Well, I will read you what was quoted. I will read the memorandum to you.

Bals then described the situation, which he says is generally known in the police department. He said, "This is no secret at all." He said, "Everybody knows that the plains-clothes man is the money end of the job. Everybody knows that to be a fact. That is one of the first things a cop learns in the police academy."

Mr. BALS. Now, I would like to clarify that.

Mr. HALLEY. Do you remember saying something like that?

Mr. BALS. No; I didn't say that.

It was suggested to me that it is common knowledge that the plain-clothes part is the money end of the job. I personally didn't say that, but I agreed that it was common talk.

Mr. HALLEY. You agree with it, in any event?

Mr. BALS. Yes, but may I explain that, sir?

Mr. HALLEY. Please do.

Mr. BALS. That common talk in the police department is common only when investigations are on, and there's a lot of publicity given to that. As far as being common talk on other occasions, I have never heard it. At every investigation you will hear it.

Mr. HALLEY. Well, do you remember having said this—and this is a quote that was actually written down as you said it: "Wallender did not know this was going on, God help him"?

Mr. BALS. No; I don't remember saying that, I don't remember saying that.

Mr. HALLEY. Don't you remember saying that?

Mr. BALS. No, sir; I do not.

Mr. HALLEY. Do you remember saying that each plain-clothes man has a list of the gamblers operating in his district?

Mr. BALS. I am sure I didn't say that.

Mr. HALLEY. You didn't?

Mr. BALS. No, sir; I did not, because I have no such knowledge.

Mr. HALLEY. You didn't state that each plain-clothes man has a statement of how much revenue to collect from this gambler, according to how big each one is?

Mr. BALS. No, sir; I didn't say that.

Mr. HALLEY. That that was known as the payroll?

Mr. BALS. No. I was asked the question about payroll, did I ever hear of payrolls. Well, I heard about payrolls, the same as you hear about the money end of the job, but for me to go into detail on that, I can't do that, because that was never my end of the business.

Mr. HALLEY. Well, do you remember saying that at the end of the month or some other interval the plain-clothes man makes his collections from the gamblers and the lieutenant takes a certain "kitty" out of the payroll and passes it all the way up the line?

Mr. BALS. I can assure you, sir, I never said that.

Mr. HALLEY. Well, did you say anything like it?

Mr. BALS. No; I did not.

Mr. HALLEY. Can you understand how our staff might have gotten that impression?

Mr. BALS. I certainly do not know.

Mr. HALLEY. Well, in any event you did agree that you said that this was correct, a few minutes ago, that the top "brass" got scared that Bals might be starting a real investigation of their protection racket. Now, what did you mean when you agreed that that was right a few minutes ago?

Mr. BALS. I agree that's right from a rumor angle, not from a matter of fact angle. There was all kinds of talk.

Mr. HALLEY. Well, you either thought there was a protection racket or you didn't.

Mr. BALS. I have no idea.

Mr. HALLEY. In fact, you told us that is why your squad was abolished so suddenly, you were getting in people's way.

Mr. BALS. That's correct.

Mr. HALLEY. Is that right?

Mr. BALS. We were getting in their way, no doubt, interfering with the way the thing was working, the ordinary working of things.

Mr. HALLEY. Now, you have no doubt, do you, that some of the top men in the police department were crooked?

Mr. BALS. Well, I wouldn't like to make a statement like that. I would rather take it from the other way.

Mr. HALLEY. How would you put it?

Mr. BALS. I would say that the majority of men in the police department are honest.

Mr. HALLEY. Oh, I would agree with that 100 percent.

Mr. BALS. To condemn the entire police department, I think, is a very unfair way of putting it.

Mr. HALLEY. We have no intention of doing anything like that. I certainly wouldn't want anything I say here to be construed that way.

Mr. BALS. Well, I will say this, like any other organization there is a percentage the other way in a job.

Mr. HALLEY. Well, look, Mr. Bals, I am not here to condemn the police department or to condemn you. This committee asked me as counsel to do a job. I am trying as clearly as I can to get the facts. I have before me a record of a conversation you had with members of our staff. I have talked to the members of our staff about it at the time you were having the conversation, I dropped in once in a while but I didn't listen, I must say, and I have before me a statement which indicates that you believed that some of the top brass in the police department were crooked.

Mr. BALS. That's right, that's right. Your investigations will bring that out.

Mr. HALLEY. Do you remember whether at the same time you were investigating general conditions in the police department, Commissioner of Investigation Murtagh was also investigating?

Mr. BALS. I heard some time that—some time during my time here that Commissioner Murtagh was conducting an investigation.

Mr. HALLEY. Now, you made no report to the mayor yourself, did you?

Mr. BALS. No, sir.

Mr. HALLEY. You made no report to the police commissioner?

Mr. BALS. All my reports went direct to the police commissioner.

Mr. HALLEY. Did you make a report in writing on general conditions as you found them?

Mr. BALS. No, no, I did not. I didn't survey the general set-up in the police department. He has his own squad for that, sir. He has his confidential squad with his deputy chief and others there just for that purpose. That wasn't my function.

Mr. HALLEY. Well, Commissioner Murtagh said that his investigation was in the nature of an operation, not an investigation, and that he was trying to get the cops to get busy on the job rather than to investigate, and that is why he didn't have any reports. Would that jibe with your information.

Mr. BALS. I have no knowledge on that.

Mr. HALLEY. Did he ever try to get you to get busy?

Mr. BALS. I never spoke to him. I know him—when I say I never spoke to him, I never spoke to him officially.

Mr. HALLEY. Do you know Irving Sherman?

Mr. BALS. No; I do not.

Mr. HALLEY. You have never met Irving Sherman?

Mr. BALS. I have never met him.

Mr. HALLEY. Have you ever spoken to William O'Dwyer about Irving Sherman?

Mr. BALS. I have not.

Mr. HALLEY. Or has he ever mentioned Irving Sherman to you?

Mr. BALS. He did not.

Mr. HALLEY. You have never seen Irving Sherman, to your knowledge?

Mr. BALS. I don't know him.

Mr. HALLEY. Thank you.

The CHAIRMAN. Anything else?

Senator TOBEY. Yes. How many times have you visited the O. D. brothers ranch?

Mr. BALS. I think I was there on one occasion.

Senator TOBEY. Only one?

Mr. BALS. That's right.

Senator TOBEY. And where is the O. D. brothers ranch?

Mr. BALS. That is in El Centro, Calif.

Senator TOBEY. In where?

Mr. BALS. El Centro.

Senator TOBEY. Hell's Center?

Mr. BALS. El Centro, E-l C-e-n-t-r-o.

Senator TOBEY. Oh, El Centro, Calif.; yes. And what was your purpose in going out there?

Mr. BALS. I was out there on—I believe, if I remember correctly, it was a time that I took Reles out there to testify before the Federal court on a removal proceeding pertaining to Bugsy Siegel, that we laid over one Sunday and then I got one of the local officers there to drive me out there. At that time it wasn't a ranch, Senator. He was living in El Centro, and I don't think he even owned the house he lived in.

Senator TOBEY. Who was living there?

Mr. BALS. Frank.

Senator TOBEY. Frank who?

Mr. BALS. Frank O'Dwyer.

Senator TOBEY. Frank O'Dwyer?

Mr. BALS. Yes, sir.

Senator TOBEY. Is that the mayor?

Mr. BALS. No, that is his brother.

Senator TOBEY. His brother?

Mr. BALS. Yes.

Senator TOBEY. And you went down to see Frank?

Mr. BALS. Yes, I went down to see his brother.

Senator TOBEY. On what business did you go to see his brother?

Mr. BALS. Purely friendship.

Senator TOBEY. Friendship?

Mr. BALS. Yes, sir.

Senator TOBEY. And you had Reles with you?

Mr. BALS. No, sir.

Senator TOBEY. I thought you used Reles' name. I thought you said you took him out there.

Mr. BALS. I had two or three detectives out there to guard him. I didn't guard him.

Senator TOBEY. But you took Reles out there under detective guard to California?

Mr. BALS. That's right.

Senator TOBEY. What was the purpose of taking Reles out there?

Mr. BALS. To testify in a Federal court.

Senator TOBEY. That was before he fell down the building, wasn't it?

Mr. BALS. That's right.

Senator TOBEY. The next question is what did you take out there in money?

Mr. BALS. As far as I am concerned, Senator, I have never handled any money, either direct, indirect, or otherwise.

Senator TOBEY. What did you have in the brown bag you carried with you, outside of a pair of pajamas?

Mr. BALS. I had no bag.

Senator TOBEY. You didn't have a bag?

Mr. BALS. No, sir.

Senator TOBEY. Will you tell me about that trip, who you took with you, and who you saw out there? This is important.

Mr. BALS. On that trip out there—the only reason I went out there was to take the witnesses out to testify in a Federal court to a proceeding, to a removal proceeding. Siegel, and a number of other people, had been indicted in the Brooklyn district for harboring Lepke. We were requested to produce Reles out there; and that's how we came out there. As far as my visit to the ranch, that was an entirely different thing.

Senator TOBEY. And where were you taking Siegel in court? Whereabouts? What city?

Mr. BALS. Los Angeles, to the Federal court.

Senator TOBEY. The Federal court in Los Angeles?

Mr. BALS. He was produced, yes.

Senator TOBEY. I see. And did he testify?

Mr. BALS. He did.

Senator TOBEY. How long were you out there?

Mr. BALS. I think the proceedings took 2 or 3 days.

Senator TOBEY. That was the only time you ever went to the O'D. ranch?

Mr. BALS. That's right.

Senator TOBEY. Where Frank O'Dwyer lived?

Mr. BALS. That's right.

Senator TOBEY. That's all.

The CHAIRMAN. Mr. Bals, I didn't understand. Did you take Siegel from New York to California?

Mr. BALS. No. At the beginning of this investigation, sir, we tried everything to try to get some kind of a hold on these fellows. So anybody that ever visited Lepke, when he was in the hide-out, was indicted for harboring. One of the men was Siegel on the coast. So a proceeding was started in Brooklyn. Siegel was arrested in California, but he fought removal. So in order to try bringing him back, we had to produce Reles. So removal was denied, anyway. We didn't get him.

The CHAIRMAN. Wasn't Siegel in New York shortly before he was killed in California?

Mr. BALS. I wouldn't know that.

The CHAIRMAN. Didn't you have orders to place him under protective custody, and weren't you looking for him here?

Mr. BALS. We were, but Siegel wasn't in New York at the time we were looking for him.

The CHAIRMAN. You weren't in touch with him in New York at all?

Mr. BALS. No, sir. No, sir; we didn't get in touch with him.

The CHAIRMAN. All right. Anything else of this witness?

Senator TOBEY. No.

The CHAIRMAN. Well, that is all, Mr. Bals.

Mr. BALS. May I be excused?

The CHAIRMAN. Yes. But you will remain under subpena. You can go on. We won't need you any more in this hearing.

Mr. BALS. Well, I would like to go home. I would like to go back to Florida.

The CHAIRMAN. All right, Mr. Bals.

Mr. BALS. Thank you.

The CHAIRMAN. Suppose we have a 10- or 15-minute recess. (Whereupon, a recess was taken.)

The CHAIRMAN. The committee will come to order.

Will you call Mr. W. P. Hedden, our next witness.

The committee is delighted to have Mr. Boris Kostelanetz, who served as associate counsel for the committee until recently, with us today.

Mr. Kostelanetz has been ill the last 2 days. He has made a great contribution to the work of the committee. He is on my right.

Also, in the jury box, we see a very handsome gentleman, Robert Montgomery. He has been having something to say about organized crime for some time.

Mr. Hedden, do you solmenly swear the testimony you give the committee will be the whole truth, so help you God?

Mr. HEDDEN. I do.

TESTIMONY OF WALTER P. HEDDEN, DIRECTOR OF PORT DEVELOPMENT, PORT OF NEW YORK AUTHORITY

The CHAIRMAN. Mr. Nellis will question Mr. Hedden.

Mr. NELLIS. Will you state your full name, please?

Mr. HEDDEN. Walter P. Hedden, H-e-d-d-e-n.

Mr. NELLIS. And what is your occupation, sir?

Mr. HEDDEN. I am Director of Port Development for the Port of New York Authority.

Mr. NELLIS. How long have you been in that position?

Mr. HEDDEN. I have been with the port authority for 29 years; in my present position about 9 years.

Mr. NELLIS. Prior to March 30, 1950, in the course of your official duties, did you have occasion to receive rather numerous complaints from various American exporters and importers concerning conditions on the piers in New York?

Mr. HEDDEN. I did.

Mr. NELLIS. Briefly and generally, what were the nature of those complaints, Mr. Hedden?

Mr. HEDDEN. They were complaints about a lack of responsibility on the part of persons engaged in loading and unloading freight from trucks delivering at the piers, primarily with respect to overcharges, or failure to perform service.

Mr. NELLIS. Was there a complaint with respect to the lack of a standard rate?

Mr. HEDDEN. There was.

Mr. NELLIS. Were the complaints that the loading rates agreed to by contract between the truckmen and the loaders were not adhered to?

Mr. HEDDEN. Yes.

Mr. NELLIS. Were there complaints also that the shippers could not obtain the normal services in New York which they were able to obtain elsewhere?

Mr. HEDDEN. Yes.

Mr. NELLIS. So, did you have a conference with Mayor O'Dwyer concerning this subject?

Mr. HEDDEN. Yes, I did.

Mr. NELLIS. Who was present at that conference, Mr. Hedden, besides yourself and Mayor O'Dwyer?

Mr. HEDDEN. The first conference was held on February 24, 1950.

Mr. NELLIS. Was Chairman Cullman present with you?

Mr. HEDDEN. At that time, Chairman Cullman, who is chairman of the Port of New York Authority, and I were conferring with the mayor on another matter and this question arose, and I pointed out to him some of the complaints which we had received, recalling to him that a year before he had instructed his commissioner of investigation, Mr. Murtagh, to look into the situation and asking whether or not anything further was to be done about it. The mayor summoned the present commissioner of investigation and the commissioner of marine and aviation and the police commissioner to his office. We discussed the matter for about 2 hours, I should say.

Mr. NELLIS. This meeting was prior to March 30, 1950; is that right?

Mr. HEDDEN. This matter was on February 24, 1950.

Mr. NELLIS. On March 30, 1950, the mayor called a meeting, did he not, of a group of individuals concerned with this problem?

Mr. HEDDEN. Yes. If I can tell it my own way, I will outline the situation.

Mr. NELLIS. Yes, sir. Please continue.

Mr. HEDDEN. At the first meeting, the mayor suggested that Commissioner Shiels should go forward with a new investigation and asked if I would bring to Commissioner Shiels copies of these letters we had received and other types of complaints and furnish him whatever material we had. I promised to do so and furnished such material on March 8.

Then it was suggested that perhaps the shippers themselves would be in a position to testify before Commissioner Shiels precisely what their complaints were, and in order to have the shippers feel confidence in us to go forward with this testimony, I suggested to the mayor that there would be a meeting in his office at which they themselves would sit down with him and he would assure them of protection against any reprisals and a willingness to go forward with the investigation.

Mr. NELLIS. In fact, that meeting was held on March 30; is that right, sir?

Mr. HEDDEN. March 29, as I recall it.

Mr. NELLIS. March 29. Now, in his opening remarks, did Mayor O'Dwyer say words to this effect: That he was not going to allow a group of West Street drunks to run the water front?

Mr. HEDDEN. I think that was the substance of one of his remarks.

Mr. NELLIS. What, if anything else, did he say in connection with his problem?

Mr. HEDDEN. He directed Commissioner Shiels to go forward with the investigation, and promised there would be speedy action on the matter, and that the testimony of any shippers would not put them in any position of reprisals, and the police department would protect them, if necessary.

Mr. NELLIS. Now, in April of 1950, as a result of these conferences, did you prepare a memorandum entitled "Complaints Regarding Public Loaders on Piers in New York Harbor"?

Mr. HEDDEN. That memorandum was the one that I mentioned as being handed to Commissioner Shiels on March 8.

Mr. NELLIS. And in that memorandum, did you quote from various letters received by you in your official capacity with respect to the complaints of American shippers?

Mr. HEDDEN. I did.

Mr. NELLIS. Regarding conditions on the piers in New York?

Mr. HEDDEN. I did.

Mr. NELLIS. Now, Mr. Chairman, I do not desire to cover all of the complaints listed by this memorandum, but I would like to put it in evidence after I have asked one question.

The CHAIRMAN. The memorandum will be received as exhibit No. 25.

(The memorandum of complaints were marked Exhibit No. 25, March 15, 1951, and is on file with the committee.)

Mr. NELLIS. Would you say this was a typical complaint, from the Master Lock Co., Mr. Hedden, addressed to the Port of New York Authority, on October 26, 1949, in which the export manager, Mr. Barnes, states:

A racket has been developed on New York piers which is costing shippers thousands of dollars. Where substantial shipments are involved, unions refuse to

unload shipments unless a cash payment is made to the dock superintendent. Possibly there may be collusion with the truck drivers, but we have definitely established that the racket does exist, and that it is giving the port of New York a black eye.

Would that be a correct statement of the type of complaint that you received.

Mr. HEDDEN. Yes. The word "racket" was used in that complaint, and in many others the facts were merely stated. But the general nature of the complaints was that in unloading freight from trucks, they could not tell in advance what they would be charged, and therefore they were having trouble in making quotations to overseas customers, and considered that as a distinct disadvantage in using the port of New York.

Mr. NELLIS. I offer in evidence the memorandum, Mr. Chairman.

The CHAIRMAN. It has been received.

Mr. NELLIS. Mr. Hedden, as a result of these conferences and the investigation of Commissioner Shiels ordered by Mayor O'Dwyer what, if anything, happened?

Mr. HEDDEN. Well, nothing happened with respect to any report that I know about by Commissioner Shiels, or any action with respect to licensing loaders.

There was going on at the same time a series of conferences between representatives of the loaders and representatives of the truckmen, and I believe in June 1950, another agreement, so-called, was reached between the two parties as to publishing a scale covering the loading of trucks, but not the unloading, with the degree of promise, at least, on both sides, that complaints would be referred to the impartial chairman. That is wholly a voluntary agreement between the two groups.

Mr. NELLIS. But in effect, Mr. Hedden, in your experience since that time the rates agreed to were more honored in the breach than they were in the acceptance; isn't that right?

Mr. HEDDEN. No, I will not say that. This agreement did not cover the matter of unloading at all; and therefore, the complaints with respect to unloading have been continuous. We have heard some complaints about the departures from the agreed scale, but I would not say that they represent by any means a majority of all the transactions that take place, or anywhere near that.

Mr. NELLIS. Can you think of a single concrete occurrence after these conferences and Mayor O'Dwyer's discussion with you as to anything that was done to cure these evils on the water front?

Mr. HEDDEN. Only what I have mentioned with respect to these voluntary agreements in June between the truckmen and the loaders.

Mr. NELLIS. And the evils continue, in your opinion, to this day?

Mr. HEDDEN. We still have complaints, particularly with respect to the unloading of trucks.

Mr. NELLIS. I have no further questions of this witness at this time, sir.

The CHAIRMAN. What legislation has been recommended, if any, Mr. Hedden?

Mr. HEDDEN. In our conferences with the mayor we suggested that it would be appropriate to license the boss loaders in the same manner as the taxicab operators are licensed by the city in order to have some place where complaints could be referred and responsible action

taken to require appearance subject to revocation of the license if the complaints were not satisfied.

The CHAIRMAN. Has any effort been made to secure passage of that legislation? What has been done about it?

Mr. HEDDEN. As we left it in the city hall, there was to be a prompt investigation and a recommendation, if the shippers would support such legislation.

The CHAIRMAN. But you have heard nothing since then?

Mr. HEDDEN. I have heard nothing since.

The CHAIRMAN. The situation partly, Mr. Hedden, is that the shippers, because of their fear of demurrage and penalties that would be inflicted upon them of a substantial nature in the event they don't move the cargo or get it moved immediately, go along with these racket activities rather than suffer the greater loss; is that about the situation?

Mr. HEDDEN. Well, specifically, to give an illustration, a man ships a consignment from the interior to a New York pier for export, and for some reason he has to call upon dock labor—loaders, as they are called—to unload that piece because it is too big for the truck driver himself to unload. And these shippers complain and since there is no regular approved schedule and no agreement and no responsibility, they have to pay whatever is demanded of them, and that usually has to come out of their pockets because they have quoted a rate that includes transportation; and therefore, they complain of the situation, and still complain of it.

The CHAIRMAN. This includes a great deal of merchandise that is being shipped, either by or for the United States Government; does it not?

Mr. HEDDEN. Our complaints have all come from individual shippers, and I have no knowledge whether they were shipped for Government account or not.

The CHAIRMAN. Lend-lease shipments, and things of that sort would be included also; do you think?

Mr. HEDDEN. Well, I can't testify as to whether any specific shipment was a lend-lease shipment.

The CHAIRMAN. What, if any, recommendations do you have insofar as the Federal Government is concerned, that might be of some benefit in helping them with this problem?

Mr. HEDDEN. I have not come prepared to make any official recommendations.

Our hope is that there will be a degree of responsibility for these operations created either by local legislation, or possibly by some Federal action requiring the pier operators themselves to furnish this service, and to make charges for it on a regular schedule.

There is some question whether the Maritime Board, for example, has jurisdiction over this matter of loading and unloading on steamship piers, because the steamship companies take the position that the act of transportation is complete, and a bill of lading is satisfied when the goods are put on the pier deck, and that any operations after that are for the account of the consignee or the shipper, and it is his responsibility to hire and pay for and take his chances on what loading and unloading charges he pays.

There is some question whether, if local regulation is not possible, or feasible, it might be desirable to have the jurisdiction of the Mari-

time Board extended in such a way that the carriers operate to and from the piers, the steamship lines, should be admonished or required to furnish this service at a regular and agreed upon rate, and take responsibility for the service.

The CHAIRMAN. We would be very glad to have you think the matter over further, and if you have any specific recommendations to make, give us the benefit of them.

Any other questions?

Senator TOBEY. No questions.

The CHAIRMAN. Thank you, Mr. Hedden.

Mr. Philip Stephens, please.

Mr. Stephens, do you swear the testimony you give this committee will be the whole truth, so help you God?

Mr. STEPHENS. I do.

The CHAIRMAN. All right, Mr. Nellis.

TESTIMONY OF PHILIP STEPHENS, BUSINESS MANAGER, NEW YORK DAILY NEWS, NEW YORK, N. Y.

Mr. NELLIS. Mr. Chairman, I would like to inform the committee that Mr. Stephens, who is the business manager of the New York Daily News, is here to give the committee the benefit of his experience with respect to the unloading of paper on the docks, and is not under subpoena.

The CHAIRMAN. All right. We will appreciate your cooperation, Mr. Stephens.

Mr. NELLIS. Mr. Stephens, will you give your full name and occupation for the record, please?

Mr. STEPHENS. My name is Philip B. Stephens. It is spelled S-t-e-p-h-e-n-s; not v. I am the business manager of the New York Daily News.

Mr. NELLIS. In that capacity, Mr. Stephens, do you have anything to do with the procurement, and loading and unloading of newsprint?

Mr. STEPHENS. Under the general supervision of the business office, Mr. Nellis, is the maintenance of the supply of newsprint for the News. That would include the purchase of it, the shipment, storage, handling, and all of the operations connected with maintaining our supply.

Mr. NELLIS. Specifically directing your attention to the month of April 1948, do you recall the incident concerning the steamship *Colby*?

Mr. STEPHEN. Yes, sir.

Mr. NELLIS. Will you relate in your own words, Mr. Stephens, what occurred when the steamship docked at the commercial wharves in Brooklyn, I believe it was?

Mr. STEPHENS. May I go back just a little on background on it?

Mr. NELLIS. Yes.

Mr. STEPHENS. So the committee can understand the incident thoroughly.

Mr. NELLIS. Yes, sir.

Mr. STEPHENS. I want to say first that the News handles approximately 300,000 tons of newsprint in the port of New York each year.

The CHAIRMAN. Where does most of it come from, Mr. Stephens?

Mr. STEPHENS. I was just coming to that, Senator.

The CHAIRMAN. All right. Suppose you explain it in your own way, and in as much detail as you wish.

Mr. STEPHENS. Most of our paper, of course, is manufactured in Canada, although some of it is domestically manufactured. And the great majority of paper for the News comes from a mill in the Province of Quebec, at Como Bay, at the head of the St. Lawrence.

That port is icebound from about the end of December each year until the middle of April. So that all of the oceangoing tonnage has to be shipped during the remaining eight or so months of the years.

That causes us, of course, to maintain a rather heavy supply at the close of the navigation season to last us through the winter.

That is important, as I will come to later, because this episode occurred right at the beginning of the navigation season, and at the time when our first ship was here, and when our cupboard was rather bare on newsprint.

Prior to this—let me say first that the News doesn't, directly through its own employees, handle this paper. The stevedoring handling, storage, and trucking have been carried on for years under contract with Daniels & Kennedy, who are a firm of general merchandise storage, and in the general merchandise and storage business. They have had contracts to do this work with the stevedores union for unloading of paper, the paper-handlers union for handling it, and the paper-handlers union is an affiliate of the printing pressmen's union. That is another important factor which bears on this later.

The trucking is carried on by the teamsters union, local 807.

We regard the Kennedy's highly. They have rendered us splendid service and we have had a long history of good business dealings with them. We work very closely with them at all times.

Prior to the opening of the navigation season in April of 1948, we heard rumors of trouble brewing on the water front in connection with these loaders. I would like to pause here to tell you something about the loaders. I don't know how much I can tell you. They are a mysterious group in the International Longshoremen's Union. Sometimes they say they are employers of labor; sometimes they say they are employees. They have been attempting for years to inject themselves into this picture on the Commercial Wharf, in Brooklyn, despite the fact that the work has been under contract with these old-established, reliable unions for many years.

As I say, we heard of trouble brewing this time, but proceeded normally. The *Colby*, which was the first ship of the season, came down and docked at the wharf. One gang of longshoremen went aboard that noon, which is the normal practice, to do the preliminary work of unloading. The next morning five gangs reported for work, but before noon a picket line was formed on the wharf with a group of men who carried signs reading, I believe, "Union loaders available to Daniels & Kennedy."

The longshoremen left the ship at noon, as is normal, for their lunch period and refused to come back, refused to cross the picket line. The same thing happened the following day. The men reported before a picket line was formed, but in the interim, or before noon, a picket line was formed and the men again refused to cross the line.

Mr. NELLIS. May I ask a question at this point, Mr. Stephens, before you go on? Is it not a fact that when the first picket line was formed

they were a group of unknown persons, that is to say, no one on the wharves knew where they came from or who they were?

Mr. STEPHENS. I believe that to be the case; yes.

Mr. NELLIS. And is it not a fact, Mr. Stephens, that the second picket line that occurred after the stevedores left the ship at noon on the day of which you speak, was composed of certain individuals, the identity of whom is known?

Mr. STEPHENS. Not to my exact knowledge, but I believe that is substantially true.

Mr. NELLIS. Proceed, please.

Mr. STEPHENS. The News was in a tough spot on this. As I told you, we were faced in a very short time with either drastically reducing the number of pages we could print or suspending publication. Paper obviously is essential to us.

I expect you would like to know something about what we did to try to correct the situation?

Mr. NELLIS. Well, before we get to that, Mr. Stephens, did it ever come to your attention that during the course of this picketing activity on that pier at that time a man by the name of Anthony Anastasia appeared prominently upon the scene on various occasions?

Mr. STEPHENS. He is one of the names I heard in connection with this, Mr. Nellis. I have no direct knowledge that he was there or actively figured in it.

Mr. NELLIS. Did Milton Brown ever tell you that?

Mr. STEPHENS. I don't recall that he did.

Mr. NELLIS. Proceed, sir.

Mr. STEPHENS. I might say that we felt we were the victims of a racket here, a hold-up, that there was no earthly justification for this move on the part of these persons.

I understood that their demands entailed the payment of \$1 a ton for each ton loaded. Now, that is some \$300,000 a year, which I would characterize as a tribute.

The work has been carried on for years by the paper-handlers union. While that phase of the work was not billed to us separately, we would estimate that that loading operation cost a few cents a ton—a very little bit.

But aside from the fantastic economics of the thing, as I have told you, the paper-handlers union would have been shoved out of the picture, and we were told very pointedly that if that happened, the printing pressmen who run our presses in both plants of the News, that they would refuse to put the paper in the presses and refuse to print it, print our paper. As I say, we tried every avenue to correct this thing.

Mr. NELLIS. Pardon me, Mr. Stephens, again. Before you go on to the means that you took to correct the matter, did it come to your attention that in the second group of pickets were persons known as the Doyle brothers?

Mr. STEPHENS. I heard that, Mr. Nellis. I don't know the Doyle brothers. I have never seen one of the Doyle brothers in my life, so I can't testify to my own knowledge. But I was told that at least one or two of the pickets carrying signs were one or two of the Doyle brothers—which I have heard there were five.

Mr. NELLIS. Did it come to your attention that with respect to the first picket line thrown across the pier, that no one, to this day, has

been able to identify the persons who claimed they were loaders picketing that wharf?

Mr. STEPHENS. Well, I would like to be helpful. I just don't know the difference between the first and second picket lines.

Mr. NELLIS. All right, sir.

You took some means to find out how you could correct trouble, did you not?

Mr. STEPHENS. Yes, sir.

Mr. NELLIS. And in the course of doing that, did you have conferences with certain people?

Mr. STEPHENS. We had—first—

The CHAIRMAN. Just tell about the whole thing, in your own way, Mr. Stephens.

Mr. STEPHENS. Yes, sir; thank you.

The first thing we did was to lodge a vigorous protest with the president of the International Longshoremen's Union, because the men who were refusing to cross this line were members of that union. We were told by Joe Ryan, the president of the union, that the picket—that the work stoppage was illegal, that it was unauthorized, that the longshoremen should disregard the picket line and go on and go to work.

I believe—and I am not certain of this—I believe that Joe Ryan went down there himself and told them, or certainly some member of his official family went down there.

Nevertheless, the longshoremen continued to fail to work and fail to cross the picket line.

We had conferences—or the lawyers did—with Theodore Kheel, who was the director of the mayor's labor relations committee then.

We talked to the mayor himself. I personally went to the police commissioner. I told him that this was a—that an illegal act was occurring on the water front that was seriously interfering with our business, and I urged him to send some policemen down there and throw these pickets off.

He was nice to me, but the upshot of it was that nothing could be done. It was characterized as a labor dispute, and I understand the policy of the police was not to interfere in a labor dispute.

We discussed the matter with the heads of the unions with whom we are accustomed to dealing. We talked to the International Printing Pressmen's Union, in the Pressmen's Home in Tennessee. We conferred with the local paper-handlers union; the lawyers lodged an unfair labor practice on behalf of the Kennedys with the Labor Relations Board, and they sought relief in the courts.

All of these things were pressed. I would say, with the utmost vigor, but nothing happened. The ship still stayed there, and no one unloaded it.

A few days after this initial episode started, we took the rather drastic action of taking the ship from the port of New York and sending her to Philadelphia.

The ship was half full of paper then. We couldn't get it unloaded in New York. We certainly couldn't send it back to Canada half full of paper. We took it out of the port of New York and sent it to Philadelphia and made arrangements down there to unload the paper.

We then loaded the paper in railway cars and shipped it back to New York by rail, and at a great deal of expense, of course, both for

the extra freight charges and the demurrage on the ship due to the delay.

I believe, parenthetically, that that had a profound effect on the situation in general: the Kennedys lost business from us, the long-shoremen lost business, the paper handlers—everybody connected with it suffered, I would say, financially, by the necessity of us being forced to do that.

That, I believe, sums up the situation as it occurred, and what we did about it.

Mr. NELLIS. Mr. Stephens, did there come a time when you had a visit from Mr. James Kennedy in connection with this matter?

Mr. STEPHENS. Yes. But before I touch on that, Mr. Nellis, let me say that we had everybody working on trying to run this thing down to find out who was behind it.

Mr. NELLIS. Yes, sir.

Mr. STEPHENS. Among other things, we instructed and were in constant consultation with the Kennedys and their representatives, particularly Mr. James C. Kennedy, who is president of the company, and Mr. M. L. Brown, who is vice president, to get around the water front, find out what's going on and report to us—which they did from time to time.

Mr. NELLIS. Now, on the occasion of this visit from Mr. James Kennedy, Mr. Flynn, president of the Daily News, was present also. Was he not, sir?

Mr. STEPHENS. I don't think I quite understand. You mean when he reported, was he present?

Mr. NELLIS. On this particular visit to which I have reference, in which Mr. Kennedy made certain statements to you and Mr. Flynn as to how this picket line could be effectively removed.

Mr. STEPHENS. Now, let me answer that very carefully. I don't want to emphasize a particular visit. Mr. Kennedy reported to us that he had done as instructed; that he had been around—I don't know where he went, and do not know now. But he did come to us and say that he had learned or——

Mr. NELLIS. Pardon me, sir; before you get to that——

Mr. STEPHENS. All right.

Mr. NELLIS. Didn't he say that he had taken some kind of a trip somewhere and talked to certain individuals?

Mr. STEPHENS. I believe that he did. He had taken a trip somewhere.

Mr. NELLIS. And didn't he indicate to you that if a payment were made by the Daily News this picket line could be removed?

Mr. STEPHENS. He indicated some such payment, yes, that could be made.

Mr. NELLIS. And did he not say to you that a payment, specifically of \$100,000, by the Daily News——

Mr. STEPHENS. He did.

Mr. NELLIS. Would take care of this matter?

Mr. STEPHENS. He did.

Mr. NELLIS. Did he indicate to you who might take care of the matter if such a payment were made?

Mr. STEPHENS. No, sir. He did not. He at no time gave us a name in connection with that. We didn't attach a great deal of importance to it. It was one of many rumors, reports about this thing. We were

hearing all the time that this group, or some individual or other mysterious individual had to be taken care of. We had anonymous telephone calls. We had, I would say, almost a continuous atmosphere of that kind.

Mr. NELLIS. But, Mr. Stephens, you wouldn't want to detract from the facts in this particular case, which were, as I understood them, that Mr. Kennedy did relate that he had taken a trip somewhere, talked to someone, and that if a payment of \$100,000 were made the matter could be settled; is that not the fact?

Mr. STEPHENS. In general, that is the fact, yes; and the general facts are as you have stated them. I would have to amend it somewhat. I don't believe he said if we paid it, everything will disappear. In other words, it wasn't—we didn't get the feeling that it was a definite distinct pay-off offer, if I may make myself clear.

Mr. NELLIS. Yes; but the sum of \$100,000 was mentioned?

Mr. STEPHENS. Yes, sir.

Mr. NELLIS. Do you recall your reaction or that of Mr. Flynn to that statement by Mr. Kennedy?

Mr. STEPHENS. Our reaction was one of complete disinterest in making any payment whatsoever. I might say that we had definitely made up our mind we were not going to do that, as evidenced by the fact that we sent the ship away, and so forth.

Mr. NELLIS. Yes, sir. Did you press him for any details as to how this arrangement might be made?

Mr. STEPHENS. We did not.

Mr. NELLIS. From the purely newsworthy point of view?

Mr. STEPHENS. No; we did not, Mr. Nellis. No, sir.

Mr. NELLIS. Did you ask him any questions other than dismissing him at that point, or rather breaking up the conversation?

Mr. STEPHENS. I don't recall. I suppose we had asked the natural questions, but this was 3 years ago. I just don't know for sure.

Mr. NELLIS. Do you recall, sir, whether or not the name of Mr. David Charnay came up in connection with this matter?

Mr. STEPHENS. I am sure that it did not.

Mr. NELLIS. You are certain that it did not?

Mr. STEPHENS. That is right.

Mr. NELLIS. I have no further questions at this time, Mr. Chairman.

The CHAIRMAN. Senator Tobey.

Senator TOBEY. No questions.

The CHAIRMAN. May I just ask Mr. Stephens, how much did this experience cost you, that is, the demurrage, and taking the ship down to Philadelphia, hauling the paper back by freight?

Mr. STEPHENS. The freight handling and unloading in Philadelphia cost us \$18,000. The payment on the vessel due to its long delay was \$7,000. There may have been other expenses, but those were the major ones.

The CHAIRMAN. So you were put to a \$25,000 loss; maybe more than that?

Mr. STEPHENS. Yes, sir.

The CHAIRMAN. And also the anxiety as to whether you were going to have any paper or not?

Mr. STEPHENS. That was, I would say, very telling at the time; yes, sir.

The CHAIRMAN. As the business manager of the News, do you know if other shippers have had the same or similar experiences that you have had? I mean, you have an opportunity of talking with people who are importing paper, or other merchandise, into the port of New York, harbor of New York?

Mr. STEPHENS. It is common knowledge, Senator, that they do; yes, sir.

The CHAIRMAN. That is the general pattern, the experience you have had in this case is the general pattern of what happens to a great many others; is that correct?

Mr. STEPHENS. Only that our operation is a mass operation. It is a standard commodity with an enormous amount of tonnage handled, traditionally, through these other unions.

So I would say that we are not a typical case but an example of what goes on, if that's a fair answer to your question.

The CHAIRMAN. Your case is not typical because, in the average case, the importer wouldn't have a union, that is, the printers' union, which would walk out if you ever did business with this extra gang that came down to the wharf?

Mr. STEPHENS. That is exactly——

The CHAIRMAN. And went past the regular paper handlers' union?

Mr. STEPHENS. That's true; yes, sir.

The CHAIRMAN. So that, in the first place, as a matter of moral principle, you wouldn't join in paying this extortion. In the second place, if you did pay the extortion, and bypassed the regular unloading union, you have had trouble; isn't that true?

Mr. STEPHENS. I tried to make that plain; yes, sir.

The CHAIRMAN. You were in a bad situation, from two viewpoints?

Mr. STEPHENS. We were in a box.

The CHAIRMAN. The average importer might not have the second difficulty, that is, his own force might not go on strike, or give difficulty if he did not succumb to the extortion demands from this other group?

Mr. STEPHENS. Yes, sir.

The CHAIRMAN. Well, Mr. Stephens, we do want to express our appreciation to you for coming here and giving us this rather typical example of an investigative report, of what, unfortunately, is happening on the water front in New York.

And also I might say that our investigation shows that a great many of these instances occur where Uncle Sam has a direct interest, merchandise being shipped either for the order of the United States Government, or even, in some cases, by the United States Government, or imported.

So that what is going on is costing the United States Government tremendous sums of money, in addition to what it costs the legitimate importers or exporters. That is true, is it not?

Mr. STEPHENS. I believe it to be true. And I might add that we believe, at least the newspapers contribute materially to the present situation, and an interruption of their publication would certainly not be in the common interest.

The CHAIRMAN. Yes. But we certainly agree with you fully about that.

Our information is that none of the newspapers has succumbed to the extortion demands.

Anything else?

Senator TOBEY. Just one question.

How near to being all out and deficient in newsprint were you when this thing took place?

How much longer could you have run if you hadn't got relieved through your ingenuity?

Mr. STEPHENS. We try, as a prudent matter, to keep from 3 to 4 weeks' supply as a minimum, and I think we were down to about 3 weeks, if we had run at our normal number of pages.

There are devices, Senator, of course, to cut the paper down and spread out a meager supply—that's at the expense of advertising, of course.

So I would say we might have continued 3 weeks at full normal consumption. The strike lasted about 10 days. So we were not in good shape at the end of that.

Senator TOBEY. When you said that nobody won in this thing, everybody loses out, it reminds me of a statement by Premier Briand of France, who said, and I think truly, that in modern warfare, no nation wins.

Mr. STEPHENS. Well, I am sure no one won this.

The CHAIRMAN. Mr. Stephens, you appealed to Mr. Ryan, the president of the International Longshoremen's Union. He said it was an illegal operation, and tried to do something about it.

That is correct, is it not?

Mr. STEPHENS. Yes, sir.

The CHAIRMAN. You took the matter up with the chief of police or the commissioner of police. Was that Commissioner Wallender?

Mr. STEPHENS. That was Commissioner Wallender. I have known Mr. Wallender for a long time, and he was the commissioner then; yes, sir.

The CHAIRMAN. And he said it was a matter of labor dispute in which he could take no part. But since it was an illegal labor dispute, and these groups, a picket line was not shown to be a legitimate union, it does not seem that his position was very sound, does it, to you?

Mr. STEPHENS. Well, Senator, I was curious about the whole thing. At one time it was characterized as a legitimate labor dispute, at one time or another. These loaders, as I have said, sometimes say they are entrepreneurs, they are looking for a job to do work contractually. At other times they say they are legitimate employees who are protected by the normal protection of labor unions.

The CHAIRMAN. What kind of a union do these loaders have? Do they have any union at all?

Mr. STEPHENS. I do not know.

The CHAIRMAN. It is probably just a group of people who gather there, and use strong-arm tactics?

Mr. STEPHENS. I understand that they are all—this is only my understanding—that they are members of the Longshoremen's Union in that they carry cards. But they are also bosses, so to speak. It is a mysterious, fluid affair. It isn't an entity that can be dealt with.

We have contracts at the News with 21 different labor unions, and we are pretty well accustomed to dealing with them. And I think our relations with them are pretty good.

We don't know anything about dealing with a bunch like this, so to speak.

The CHAIRMAN. They are ILA members, are they?

Mr. STEPHENS. I believe that they are.

The CHAIRMAN. But Mr. Ryan even sent down there, or went himself, to try to get matters settled, and tried to get the regular paper handlers to go on and unload the ship, didn't he?

Mr. STEPHENS. He tried to get his own men, the longshoremen, to load the ship.

The CHAIRMAN. I mean longshoremen.

Mr. STEPHENS. Yes; he disclaimed responsibility for it, but, well all I can say is no effective measures were taken to stop it.

The CHAIRMAN. And you tried to get the mayor to do something about it?

Mr. STEPHENS. We talked to him, yes.

The CHAIRMAN. What was his position?

Mr. STEPHENS. I did not talk to him personally. I don't believe I can testify exactly.

The CHAIRMAN. All right, sir.

Mr. NELLIS. Mr. Chairman, to clear up one point in the record, is it not a fact, Mr. Stephens, that many tons of paper unloaded in New York are assessed the regular loader's charge of \$1 per ton?

Mr. STEPHENS. Yes. I understand that to be the case. The schedule of loading is, or was then—I don't know what it is now—5 cents a hundred pounds, or \$1 a ton. That is paid on certain piers. At least, that is my understanding.

Mr. NELLIS. And the Daily News, of course, has this exclusive paper pier where until this trouble occurred they were not required to pay this loader's charge; is that right?

Mr. STEPHENS. I understand that the loaders have never operated on the Commercial Wharf.

Mr. NELLIS. That is correct, sir.

Mr. STEPHENS. Yes.

Mr. NELLIS. No further questions, Mr. Chairman.

The CHAIRMAN. All right, that's all. Thank you, Mr. Stephens.

The committee will stand in recess until 2:15.

(Whereupon, at 1 p. m., a recess was taken until 2:15 p. m.)

AFTERNOON SESSION

(Thereupon, at the expiration of the recess, the committee reconvened at 2:15 p. m.)

The CHAIRMAN. The committee will come to order. I know that everyone wants to make plans about Saturday; and after consultation with Senator Tobey and with Mr. Halley and the members of our staff, and with others who are interested in the hearings, we have decided not to have a session on Saturday. We will have a session until late tomorrow afternoon, probably 5:30 or 6. Then we will return Monday, and then we will probably be here on Tuesday. But we will not have a Saturday session.

I might read and give to the press a letter that has been written to Mr. Irving Saypol, the United States district attorney today.

This will confirm my conversation with you last night, and also I had a similar conversation with Mr. Peyton Ford, Acting Attorney General of the United States, in regard to certain testimony which has been given in the committee hearings in New York.

As stated to you last night, we will immediately transmit a copy of all of the testimony to you and a copy to the Attorney General and I am glad that you will immediately study the record as to perjury, particularly with reference to the testimony of Frank Costello and that you will take such action as the facts dictate. Also, I hope that you will make such further investigation through the Federal Bureau of Investigation as may be required to get other and further information so that any parties who have committed perjury or other crimes as indicated by our hearings may be brought to justice.

Thanking you for your immediate and full cooperation, I am

Sincerely yours,

Of course, it is known that Mr. Foley and someone representing Mr. Saypol has been sitting with the committee, and we have been in daily consultation with them.

Any comments?

Senator TOBEY. Yes.

The CHAIRMAN. Senator Tobey.

Senator TOBEY. Mr. Chairman, I wish to make a statement and read a letter.

The CHAIRMAN. All right, Senator Tobey.

Senator TOBEY. I have been a member of this special committee on crime since its inception, and of course it has been a privilege to be associated with the distinguished chairman of the committee, the Honorable Estes Kefauver. For him I have the greatest respect and admiration and even affection. But today he received a letter, and he should read it himself to the gathering, but he has a highly developed innate sense of modesty and humility, and he passed me the letter; and I insisted that it be read here despite his sense of modesty.

So, if you will bear with me, I will now read this letter.

HON. ESTES KEFAUVER,

Senator from Tennessee,

Care of United States Courthouse, Foley Square, New York, N. Y.

DEAR SENATOR KEFAUVER: I want to thank you for having your crime investigating committee operating in New York this week, but not for what you think.

You see my wife and I watched you in our home in Los Angeles a couple of weeks ago. You made such a hit that when we arrived in New York this week and my wife found out the committee was in session here, she immediately ordered a television set in her hotel room and will not leave it while your television exhibited investigations are in session. For this I thank you because it has kept her out of New York's wonderful stores and this just a week before Easter.

Sincerely,

WALTER BUNKER.

I might add, Mr. Chairman, I believe every husband in this room shares a sympathetic feeling with the author of that letter.

The CHAIRMAN. Senator Tobey, thank you for reading the letter, but I am afraid the merchants' association may take offense. But I did want to say that I have been enticing my wife to come down and listen to the hearing in spite of the fact that she was wanting to go to some of the stores, so that she is in the jury box.

But Senator Tobey tells me that the hearings were not sufficiently interesting to Mrs. Tobey to keep her out of the stores. So that is one reason he is very anxious to go back to Washington on Friday night.

Senator TOBEY. She has a television in our room, however.

The CHAIRMAN. Will you bring in our next witness?

Mr. HALLEY. It is Mrs. Virginia Hauser.

Mr. WOLF. Mr. Halley, I happen to be in the room with my client. Is there any objection?

Mr. HALLEY. Not at all.

Mr. WOLF. I haven't had a chance to see the television or hear it, and I would just like to listen to it for a while.

The CHAIRMAN. It is quite all right, Mr. Wolf.

Mr. WOLF. It is all right?

The CHAIRMAN. Yes.

I might explain that Mrs. Hauser originally comes from Alabama, and in the South it is an old-fashioned custom and an old southern custom for the ladies to keep the gentlemen waiting as long as they want to.

All right, Mrs. Hauser. Will you please take the stand?

Hold up your right hand. Do you solemnly swear the testimony you will give will be the whole truth, so help you God?

Mrs. HAUSER. Yes.

TESTIMONY OF VIRGINIA HILL HAUSER, SPOKANE, WASH.

The CHAIRMAN. Now, gentlemen, let us give Mrs. Hauser a chance to accustom herself without too many flash bulbs.

Mr. HALLEY. Mrs. Hauser—

Mrs. HAUSER. Make them quit doing that.

The CHAIRMAN. All right, let's not flash any more bulbs.

Mrs. HAUSER. I'll throw something at them in a minute. I hate those things.

The CHAIRMAN. All right, let's not flash any more bulbs. All right, Mr. Halley.

Mr. HALLEY. Now, Mrs. Hauser, most witnesses have had their pictures taken and they have stopped as soon as they started to testify.

Mrs. HAUSER. I know, but most of them never went through with those bums what I did.

Mr. HALLEY. I'm sure that they don't intend to upset you.

Mrs. HAUSER. Oh, they do upset me.

Mr. HALLEY. All right, it will stop in a moment. What is your full name?

Mrs. HAUSER. Virginia Hill Hauser.

Mr. HALLEY. And, Mrs. Hauser, just so that you will understand what we are trying to accomplish, the committee, of course, has had a number of reports concerning your income and your expenditures, and as a natural result of that and through knowing your various associations, the committee has been anxious to know the sources of your income and whether or not you can help the committee in connection with this investigation.

Mrs. HAUSER. Well, the only money I ever made was what I reported on my taxes. The other money is—

Mr. HALLEY. Well, I will ask you questions and it will simplify your task.

Mrs. HAUSER. Yes.

Mr. HALLEY. I understand. I might say, by way of preface, that you have already explained to our agents that you don't feel you can be helpful. But I want you to understand that this committee must get your statements under oath.

Mrs. HAUSER. Yes, sir.

Mr. HALLEY. And that that's why you are here.

Mrs. HAUSER. Yes.

Mr. HALLEY. So I will try to talk slowly, you answer slowly, and we will get along fine.

Mrs. HAUSER. All right.

The CHAIRMAN. Now, boys; let's get the picture making over with, because Mrs. Hauser is right nervous.

Mr. HALLEY. Mrs. Hauser, you were born in 1917?

Mrs. HAUSER. 1916.

Mr. HALLEY. In the United States of America?

Mrs. HAUSER. Yes.

Mr. HALLEY. And you are, of course, a citizen of this country?

Mrs. HAUSER. Yes.

The CHAIRMAN. You were born in Alabama, were you not?

Mrs. HAUSER. That's right.

Mr. HALLEY. I would like to take you back to about the year 1934. Were you in Chicago at that time?

Mrs. HAUSER. Well, I left home when I was 17, and I went to Chicago.

Mr. HALLEY. That would be just about 1934?

Mrs. HAUSER. Yes.

Mr. HALLEY. While you were there, you met Joe Epstein; is that right?

Mrs. HAUSER. I didn't meet Joe Epstein until I was there, after, about a year after the World's Fair.

Mr. HALLEY. He became a very good friend of yours; is that right?

Mrs. HAUSER. He became and still is a friend of mine.

Mr. HALLEY. And he has controlled a lot of your money?

Mrs. HAUSER. That's right.

Mr. HALLEY. From time to time?

Mrs. HAUSER. That's right.

Mr. HALLEY. Do you think you would like to tell the committee the story of your life, insofar as it involves your financial affairs, and the contacts you may have had with known gangsters since that time? Do you think you could just go ahead and tell it best in a narrative fashion?

Mrs. HAUSER. I don't think Mr. Epstein is a gangster.

Mr. HALLEY. No; I haven't intended to say he was. But would you like to tell your story your own way?

Mrs. HAUSER. Well, I worked for a while. Then the men I was around that gave me things, were not gangsters or racketeers or whatever you call these other people.

The only time I ever got anything from them was going out and having fun, and maybe a few presents. But I happened to go with other fellows.

And for years I have been going to Mexico. I went with fellows down there. And like a lot of girls that they got. Giving me things and bought me everything I want.

And then when I was with Ben, he bought me everything.

Mr. HALLEY. By "Ben" you mean Ben Siegel?

Mrs. HAUSER. Yes; and he gave me some money, too, bought me a house in Florida. And then I used to bet horses.

They asked me how much; I don't know. I figure whatever was close. I don't know if it is right or wrong. I paid income tax on that. That money I used to save it.

When I am supposed to be out giving these parties, it was fellows that I was going with. They paid for things that I did. I didn't pay for it. If I was paying for it, I wouldn't have gone in the first place. After all, I didn't have to give my own parties, I don't think.

But I have never had any businesses in my life. Whatever I have ever had was, outside of betting horses, was given to me.

Mr. HALLEY. Well, the impression that had been created, and the inference that has been drawn, is that you gave parties in order to help certain people in their businesses.

Mrs. HAUSER. That isn't true, that isn't true at all, because people I have known, they told me that is the worst thing to do—you know, the people you are talking about—supposed to be racketeers—they always said that's the worst possible thing I could do, that people talk too much.

Mr. HALLEY. And they advised against it?

Mrs. HAUSER. They told me I shouldn't even do anything like that.

Mr. HALLEY. And the parties that were attributed to you were really run by other people? Is that the point?

Mrs. HAUSER. The fellows I went with—if you want to have a good time, have a party, all right.

Mr. HALLEY. They were various friends, is that the point?

Mrs. HAUSER. Yes.

Mr. HALLEY. Well, perhaps it would help if we started in the very recent past and tried to find an explanation of one thing that has been troubling the committee.

You may recall that in the early part of 1950, you visited Sun Valley?

Mrs. HAUSER. That's right.

Mr. HALLEY. And the committee, as you must know, had checked on the amount of money you spent——

Mrs. HAUSER. Yes.

Mr. HALLEY. And found that in the course of 6 weeks, you spent quite a bit of money.

Mrs. HAUSER. That is true.

Mr. HALLEY. How much money did you spend there?

Mrs. HAUSER. I don't know, but it is quite a bit.

Mr. HALLEY. Well, would the sum of \$12,000 sound right?

Mrs. HAUSER. Maybe it was \$12,000 or maybe more. I don't keep records.

Mr. HALLEY. Well, the hotel——

Mrs. HAUSER. Well, they must have the bills.

Mr. HALLEY. The hotel record shows between \$11,000 and \$12,000.

Mrs. HAUSER. Well, naturally, I guess they show the right thing.

Mr. HALLEY. The hotel record shows also that of the \$12,000, only \$1,500 was paid by either a check or money order, and the rest was all paid in cash.

Mrs. HAUSER. Yes; that's all I have. I don't have any bank accounts or checkings accounts or anything. I have cash.

Mr. HALLEY. Your assets are in cash?

Mrs. HAUSER. Yes, outside of a few bonds I have.

Mr. HALLEY. Would you mind telling the committee how much cash you have at the present time altogether?

Mrs. HAUSER. Well, with the cash and bonds, I don't think I have more than \$15,000 now.

Mr. HALLEY. At the present time?

Mrs. HAUSER. Yes.

Mr. HALLEY. That includes all of the bonds and cash you have anywhere, whatsoever?

Mrs. HAUSER. I think so; yes.

Mr. HALLEY. Would that include all the bonds or cash that anyone holds for you?

Mrs. HAUSER. Well, Mr. Epstein has my bonds. I don't know how many it is, but it couldn't be very much. It is bonds, and things people have given me on my birthday.

Mr. HALLEY. Has it been your practice to give your money to Joe Epstein to hold?

Mrs. HAUSER. Yes.

Mr. HALLEY. He has been a good friend?

Mrs. HAUSER. Yes, very good.

Mr. HALLEY. And when you need money, he sends it to you?

Mrs. HAUSER. Well, after arguing and telling me I don't need it, he sends it to me.

Mr. HALLEY. He tries to keep you on an even keel?

Mrs. HAUSER. Yes.

Mr. HALLEY. Has he sent you large amounts from time to time?

Mrs. HAUSER. Sometimes large amounts, if I wanted it.

Mr. HALLEY. Altogether, how much money have you given Joe Epstein to hold for you?

Mrs. HAUSER. You see, that's a hard question to answer, because really it's been such a period of years that I really don't know, but it must have been quite a bit off and on that I have given him money.

Mr. HALLEY. Is it your point that in the form of gifts you have received very substantial sums of money from friends?

Mrs. HAUSER. Well, not so often money. I have received gifts, and everything was paid for that I wanted.

Mr. HALLEY. For instance, the 11 to 12 thousands dollars that you spent at Sun Valley: where did you get that?

Mrs. HAUSER. That came from Mexico.

Mr. HALLEY. From Mexico?

Mrs. HAUSER. Yes.

Mr. HALLEY. Was that also in the form of gifts from friends?

Mrs. HAUSER. Yes.

Mr. HALLEY. Could you tell the committee who these friends were who gave you those gifts?

Mrs. HAUSER. No, I can't tell them who the men were.

Mr. HALLEY. Well, can you tell the committee whether they are men that you met in the United States?

Mrs. HAUSER. No; I never met them in the United States.

Mr. HALLEY. Are they Mexicans?

Mrs. HAUSER. They are Mexicans.

Mr. HALLEY. And you feel that out of chivalry you do not want to reveal their names?

Mrs. HAUSER. I can't.

Mr. HALLEY. Tell the committee, then, and bearing in mind it is under oath and that you are trying to be precise; are these men who, to your knowledge, have had any acquaintance with any of the gangsters or racketeers that you ever knew?

Mrs. HAUSER. Never.

Mr. HALLEY. You are sure that they have never had any association?

Mrs. HAUSER. I am positive. Outside of when one visited me in Chicago, I introduced him to some people in Chicago, but none of the people that's been connected with me—you know, in the papers.

Mr. HALLEY. And was this, as I recall it, of the money you spent, \$1,500 that came from various money orders or checks you received; so would it be that about \$10,000 that you spent in these 6 weeks at Sun Valley was gifts from one gentleman?

Mr. HAUSER. Well, no; the money—that was mine that Epstein sent me because—

Mr. HALLEY. I mean the other \$10,000.

Mrs. HAUSER. Because he didn't know how much I was spending, you see. So he didn't know what I was doing. So he told me, he says, "You must—if you stay in that lodge, you must need more money." So I says, "All right, send me more money."

Mr. HALLEY. How much money did you get as gifts while you were in Sun Valley?

Mrs. HAUSER. I got it before I went to Sun Valley.

Mr. HALLEY. You got it before you went to Sun Valley?

Were you living particularly extravagantly at Sun Valley, or were you living in your usual fashion?

Mrs. HAUSER. No; I was living extravagantly because I was planning to go back to Mexico to live.

Mr. HALLEY. You were planning to go back to Mexico?

Mrs. HAUSER. Yes.

Mr. HALLEY. In Sun Valley you gave a number of expensive parties; did you not?

Mrs. HAUSER. I gave two.

Mr. HALLEY. Well, you gave a number—

Mrs. HAUSER. Up in my room, but I mean outside I think it was two. But up in my room we used to have some parties; yes.

Mr. HALLEY. And those were parties you gave yourself?

Mrs. HAUSER. Yes.

Mr. HALLEY. They weren't parties that other people were giving for you?

Mrs. HAUSER. How could anybody give them? Nobody was up there that I knew.

Mr. HALLEY. Well, I was wondering, because you said in the past all these parties—

Mrs. HAUSER. Not at that time, because at that time whatever I was doing, I was doing myself; and I was planning to go back to Mexico, and I said I would have a lot of fun before I go—and that was it.

Mr. HALLEY. In other words, that was a last fling?

Mrs. HAUSER. That was it.

Mr. HALLEY. And you changed the rules, then, and gave your own parties; is that it?

Mrs. HAUSER. Yes.

Mr. HALLEY. Now, Mrs. Hauser, returning to Chicago, it was about 1935 that you began asking Joe Epstein to keep your money; is that right?

Mrs. HAUSER. Well, it was a year after the fair.

Mr. HALLEY. That would be about it.

Mrs. HAUSER. Well, then, when I met him I didn't begin immediately, because I didn't—you just don't start doing something like that fast. I got to know him and we became friends, and good friends, and then he told me that I should take care of my money, and then I told him when I have it I always spend it, so he says, well, he'll hold it for me, try, you know, to keep me from spending all, you know, that I had to think about tomorrow and all that stuff.

Mr. HALLEY. Was he an accountant?

Mrs. HAUSER. Yes.

Mr. HALLEY. He still is?

Mrs. HAUSER. I think so.

Mr. HALLEY. Have you spoken to him recently?

Mrs. HAUSER. Yes.

Mr. HALLEY. Can you think of any reason why he should be dodging this committee's subpoenas?

Mrs. HAUSER. I didn't even know he was dodging them, because I saw him in Chicago and he was out every place with me.

Mr. HALLEY. Well, an attorney even saw me on his behalf but refused to divulge his whereabouts.

Mrs. HAUSER. Oh, it didn't look like anybody was looking for him when I was there last week. He was with me.

Mr. HALLEY. Last week you were with him?

Mrs. HAUSER. Yes, I went out to dinner with him.

Mr. HALLEY. Where do you think I can find him? Where did you see him?

Mrs. HAUSER. I saw him in Chicago.

Mr. HALLEY. In what places?

Mrs. HAUSER. Let me see. We went to the House of Eden for dinner with some friends of mine.

Mr. HALLEY. Where is his home?

Mrs. HAUSER. 25 East Delaware.

Mr. HALLEY. Was he home during that period, do you know?

Mrs. HAUSER. Well, I wasn't there. I don't know.

Mr. HALLEY. Where is his place of business?

Mrs. HAUSER. I don't know.

Mr. HALLEY. Where did you meet him?

Mrs. HAUSER. I met him at the Clover Bar.

Mr. HALLEY. Would you phone him at his home?

Mrs. HAUSER. No, I never phoned. I always called friends of mine and asked them to get in touch with him.

Mr. HALLEY. Well, he seems to be a little elusive. Maybe that's why we have trouble finding him. Where would you suggest I find him if I want to reach him?

Mrs. HAUSER. Well, I would call the Clover Bar and ask was he around.

Mr. HALLEY. That is not a very good way for a Senate committee to reach a witness, to call the Clover Bar, is it?

Mrs. HAUSER. Well, that's the way I found him.

Mr. HALLEY. I hope all your friends aren't this fly-by-nightish. Doesn't Joe Epstein have a place of business or a home?

Mrs. HAUSER. If he has a place of business, I have never heard of it.

Mr. HALLEY. He must have a home.

Mrs. HAUSER. He says he has some books. I used to see him working on books.

Mr. HALLEY. Where would you see him working on books; in the Clover Bar?

Mrs. HAUSER. In the Sheraton. I live there, too, and I saw him.

Mr. HALLEY. Where does he live now?

Mrs. HAUSER. 25 East Delaware. Because he just sent, all of my things were there, and he sent them to me. He had them packed, and I had left a lot of things there, and he sent them back to Spokane. So evidently he was there, if he sent me my things.

Mr. HALLEY. Now, over a period of years, has Epstein been remitting money back to you?

Mrs. HAUSER. Well, sometimes in the period of years, I give it, sometimes he gives it back to me. Sometimes I give him money back, what I get.

Mr. HALLEY. Was there an occasion when he mailed you as much as \$5,000 to Mexico?

Mrs. HAUSER. Yes; that's when somebody stole it.

Mr. HALLEY. And part of it was recovered?

Mrs. HAUSER. Well, most of it was recovered.

Mr. HALLEY. Try to think carefully, and see if you can bring back to your mind how much money you gave Epstein altogether, to hold for you.

Mrs. HAUSER. That would be impossible. Because I couldn't. I never kept track of it, never tried. I trusted him; I never even thought of keeping an account of it.

Mr. HALLEY. Now, the committee's interest is, of course, in people who have had some connection with interstate organized crime. In that connection, I would like to ask you about some of your friends.

How long have you known Joe Fischetti?

Mrs. HAUSER. About 7 or 8 years.

Mr. HALLEY. And is he a good friend of yours?

Mrs. HAUSER. Well, he is a friend. I don't know how good.

Mr. HALLEY. Is he one of the people who has given you money?

Mrs. HAUSER. He has never given me anything.

Mr. HALLEY. When did you last see Joe Fischetti?

Mrs. HAUSER. In Chicago, before I went to Sun Valley.

Mr. HALLEY. And that was in early 1950?

Mrs. HAUSER. Yes.

Mr. HALLEY. At that time he went to Miami; is that right?

Mrs. HAUSER. That's right.

Mr. HALLEY. You called him quite frequently, did you not, while he was in Miami?

Mrs. HAUSER. That's right.

Mr. HALLEY. Did you have business with him?

Mrs. HAUSER. I had no business with him.

Mr. HALLEY. You just called to be sociable?

Mrs. HAUSER. Just called because I wanted to call.

Mr. HALLEY. I see here that you called him almost every day; is that right?

Mrs. HAUSER. If that's what it says, that's right.

Mr. HALLEY. Are you ordinarily that extravagant, telephoning around the country?

Mrs. HAUSER. Well, sometimes. But sometimes, no.

Mr. HALLEY. Because I am trying to ascertain if this rate of expenditure of almost \$2,000 a week is your normal way of living.

Mrs. HAUSER. Well, no; it isn't.

Mr. HALLEY. You did go to Europe about 3 years ago; did you not?

Mrs. HAUSER. That's right.

Mr. HALLEY. You went to Paris?

Mrs. HAUSER. That's true.

Mr. HALLEY. And you went to the south of France?

Mrs. HAUSER. That's true.

Mr. HALLEY. You lived quite well on that occasion too, did you not?

Mrs. HAUSER. Yes. But some of the times I was with friends there too.

Mr. HALLEY. In the United States, you travel around quite extensively, do you not?

Mrs. HAUSER. That's right.

Mr. HALLEY. You move about quite freely?

Mrs. HAUSER. That's right.

Mr. HALLEY. Since we have been in touch with you, you have been in Maine and New England?

Mrs. HAUSER. Yes.

Mr. HALLEY. Out to Sun Valley?

Mrs. HAUSER. That's right.

Mr. HALLEY. Out to the State of Washington?

Mrs. HAUSER. Right.

Mr. HALLEY. Perhaps various other places?

Mrs. HAUSER. Yes.

Mr. HALLEY. What other States have you been in, in the last 6 months?

Mrs. HAUSER. I was in Reno, Nev.; San Francisco, together, you know, at the same time, and Chicago. That's all.

Mr. HALLEY. New York City?

Mrs. HAUSER. Well, yes—Boston.

Mr. HALLEY. And Boston?

Mrs. HAUSER. Yes.

Mr. HALLEY. And you always stay at the best hotels, do you not?

Mrs. HAUSER. Well, I try.

Mr. HALLEY. On what have you been financing yourself since this occasion early in 1950?

Mrs. HAUSER. Money that I had saved before.

Mr. HALLEY. How much of that money have you used in the last year?

Mrs. HAUSER. Well, I have used quite a bit. And I haven't got very much left.

Mr. HALLEY. You said you had about \$15,000 left?

Mrs. HAUSER. That's right.

Mr. HALLEY. How much have you taken back from Joe Epstein in the last year?

Mrs. HAUSER. Well, see, I had a lot of my own with me. But I spent most of that. Maybe I have taken \$30,000 or \$40,000 back.

Mr. HALLEY. From Joe Epstein?

Mrs. HAUSER. Yes.

Mr. HALLEY. In the last year?

Mrs. HAUSER. Yes.

Mr. HALLEY. And you have also spent a lot of your own money?

Mrs. HAUSER. Yes. I had my own money with me, too.

Mr. HALLEY. How much money have you spent in the last year, Miss Hill—pardon me, Mrs. Hauser?

Mrs. HAUSER. I really don't know. But I guess it was around, maybe \$15,000 or \$20,000.

Mr. HALLEY. You say you spent about 30 of your own?

Mrs. HAUSER. Yes. But I just bought a house.

Mr. HALLEY. I see. How much did you spend for the house?

Mrs. HAUSER. Well, I paid \$16,000 down.

Mr. HALLEY. And how much money have you spent in addition to the money you spent on the house?

Mrs. HAUSER. Well, you mean, now, since I got the house?

Mr. HALLEY. In the last year. You spent this \$11,000 in Sun Valley?

Mrs. HAUSER. Oh, that; I didn't even count.

Mr. HALLEY. And then, since then?

Mrs. HAUSER. Since then, we go after that. Since I got married?

Mr. HALLEY. How much did you spend after that?

Mrs. HAUSER. Well, maybe \$15,000 or \$20,000. I don't know.

Mr. HALLEY. Maybe \$20,000?

Mrs. HAUSER. Maybe.

Mr. HALLEY. It could be more, though, could it not?

Mrs. HAUSER. I don't think it could be any more because I haven't been going any place. I only had a baby, and that didn't cost too much.

Mr. HALLEY. Well, I suppose that would be right.

Mrs. HAUSER. And I was in Bar Harbor, I wasn't going any place. I rented a place for \$1,800 for the season.

Mr. HALLEY. In the last few years you have been earning some substantial sums of money, and I note that you say you have been earning them by wagering; is that right?

Mrs. HAUSER. That's right.

Mr. HALLEY. I notice, for instance, in 1948 the amount isn't given, just the amount of tax appears on your copy of the return. But do you remember how much you earned by wagering in 1948?

Mrs. HAUSER. No; I don't even—I didn't earn anything in 1948, because I wasn't here.

Mr. HALLEY. Well, you paid a tax of \$3,000, so you must have earned something.

Mrs. HAUSER. No; they gave me some back. I don't know about those things.

Mr. HALLEY. You mean you got a refund in 1948?

Mrs. HAUSER. They gave me some back.

Mr. HALLEY. That was very good. How did you make out in 1947? I see that there you—

Mrs. HAUSER. After Mr. Siegel was killed, I never was around anybody to get any more tips from. I never did anything any more. I never saw those people any more. I went to Mexico, and I haven't done anything since.

Mr. HALLEY. When did you go to Europe?

Mrs. HAUSER. I was there—I went in June, I think—about the 14th or 15th of June. I don't know exactly.

Mr. HALLEY. And I see that you say you made \$16,000, and you have here "wagers on various sporting events." Would that be just in the first 5 months—

Mrs. HAUSER. I don't know what it was, because after I came back, I didn't even see anybody, so I don't know how I could do anything. I was around the country with my brother, and that was in Montana, and then I went to Mexico.

Mr. HALLEY. I am trying to figure out how you paid this tax. Did you just figure out \$16,000 as a round sum, as a fair deal to give Uncle Sam?

Mrs. HAUSER. I used to give Mr. Epstein the money, and everything, and he said that was what I made.

Mr. HALLEY. This is not signed by Epstein. It is signed by N. Joseph Ross.

Mrs. HAUSER. Well, he is a friend of mine and he——

Mr. HALLEY. He made out the return?

Mrs. HAUSER. Yes.

Mr. HALLEY. When you told him you made \$16,000 on wagers, didn't he ask you the sources? Who you won it from?

Mrs. HAUSER. No.

Mr. HALLEY. Well, it could not have been an even, flat, \$16,000?

Mr. HAUSER. Maybe it wasn't. As I said, I don't know. I didn't keep any books or accounts or anything, but I paid what I thought was right, what I figured. If Epstein says that is the money I have given him, that is what it is.

Mr. HALLEY. Well, the committee has been a little troubled because you lived very well and you apparently have been able to simply say what you think you earned in a rough round figure, without giving details, and don't seem to have taken the trouble of accounting to Uncle Sam the way the rest of us do.

Mrs. HAUSER. Well then, he'll have to take care of that, won't he?

Mr. HALLEY. Uncle Sam?

Mrs. HAUSER. Yes.

Mr. HALLEY. Well, maybe he will, Mrs. Hauser.

Mrs. HAUSER. Well, that's all right, sure. I don't blame him.

Mr. HALLEY. Getting back back to 1946, we have wagers on various sporting events, \$23,870 as your income, and that is also signed by Mr. Ross.

Mrs. HAUSER. It's all the same thing. It's all what I have given Mr. Epstein. It's all the same. I don't know, and that's what he told me and that's what I get I told Mr. Ross, or he told him. I don't know who told him. I don't remember even anything about those things.

Mr. HALLEY. I was wondering if it was a coincidence that in 1945 you again just happened to win that \$16,000 on sporting events.

Mrs. HAUSER. Well, maybe I won more, maybe I won less. That's what I said. I don't know.

Mr. HALLEY. But you see, here we have in 1945 and 1947, both years, your sole income is said to be \$16,000 on sporting events. Have you ever been troubled by tax agents? Have they ever asked you about it?

Mrs. HAUSER. Yes.

Mr. HALLEY. For the accounting of this?

Mrs. HAUSER. Yes.

Mr. HALLEY. What have you told them?

Mrs. HAUSER. The same thing I told you

Mr. HALLEY. You had no figures to show them?

Mrs. HAUSER. Yes.

Mr. HALLEY. Does "yes" mean that you didn't or that you did?

Mrs. HAUSER. That I didn't have any figures.

Mr. HALLEY. And in 1944 it is \$15,000 again, the round number, and no figures.

Mrs. HAUSER. You've got the papers. I didn't even look at them.

Mr. HALLEY. You just aren't bothered by those things; is that right?

Mrs. HAUSER. Well, I don't know anything about them, anyhow.

Mr. HALLEY. Now, did you ever get any money from Benjamin Siegel, Bugsy Siegel?

Mrs. HAUSER. Ben is his name. Yes; I got money from him.

Mr. HALLEY. How much money did you get?

Mrs. HAUSER. Well, I don't know about that, either. He paid for everything, and he paid the down payment on the house in Florida, and I don't know how much money it was. Maybe it was \$30,000. I don't know.

Mr. HALLEY. What did the house in Florida cost?

Mrs. HAUSER. Well, I think it cost \$49,000. I don't know. You have the papers. And I paid part of it down; I don't know how much that was, even.

Mr. HALLEY. Well, you gave \$29,000, I think, of that alone, so you must have gotten more money than that.

Mrs. HAUSER. Well, I mean that I kept, what I'm talking about. I'm not talking about the money that he spent; I'm talking about the money I kept.

Mr. HALLEY. You mean over and above the house that he got you, and the money he spent on you, you think you got about \$30,000 from Siegel?

Mrs. HAUSER. Yes.

Mr. HALLEY. Did you turn that over to Epstein to hold?

Mrs. HAUSER. Yes.

Mr. HALLEY. Now, you met Siegel about 1942 or 1943; is that right?

Mrs. HAUSER. I think so; I don't know the exact time. I met him here in New York.

Mr. HALLEY. And had you previously known Joe Adonis?

Mrs. HAUSER. Yes.

Mr. HALLEY. Did Adonis ever give you any money?

Mrs. HAUSER. No.

Mr. HALLEY. And how long did you know Adonis—for how many years, say, before 1945?

Mrs. HAUSER. Well, I don't know exactly. That must have been in 1942 or 1943 that I met him.

Mr. HALLEY. And Adonis never did give you any money?

Mrs. HAUSER. No. He took me out, or something, but he never gave me money.

Mr. HALLEY. Through Adonis you met Costello?

Mrs. HAUSER. I met them both at the same time.

Mr. HALLEY. You met them both. Where did you meet them?

Mrs. HAUSER. In the Madison Bar.

Mr. HALLEY. And did you have occasion to meet Costello on other occasions?

Mrs. HAUSER. No. Only when I used to see him in restaurants or some place.

Mr. HALLEY. And you did see him from time to time in restaurants?

Mrs. HAUSER. A few times.

Mr. HALLEY. And did you ever get any money from any other person whom we might call a gangster, other than Siegel?

Mrs. HAUSER. No.

Mr. HALLEY. Did you ever get any money from Costello?

Mrs. HAUSER. No.

Mr. HALLEY. Did you ever get any money from Meyer Lansky?

Mrs. HAUSER. I never got money from any of those fellows.

Mr. HALLEY. From none of those fellows?

Mrs. HAUSER. From none of those fellows, none of those that I've been reading about, or none that I knew. They never gave me anything.

Mr. HALLEY. None from Fischetti?

Mrs. HAUSER. I never speak to him. I mean I met Charlie once or twice. I don't even talk to him.

Mr. HALLEY. You don't like him?

Mrs. HAUSER. No.

Mr. HALLEY. Now, I have a note that you once told an agent for the Internal Revenue that you were on occasion asked to carry cash between Chicago and New York.

Mrs. HAUSER. That is not true. And if they told that, they told a lie. The only cash I ever carried is what belonged to me, and I've never carried anything for anybody. And if anyone said that, that's a big lie. And I don't care who said it.

Mr. HALLEY. If anybody said it, you say that isn't so?

Mrs. HAUSER. Yes; because the only cash I ever carried was my own, and I never carried anything for anybody—cash or anything else.

Mr. HALLEY. You never carried anything for anyone else?

Mrs. HAUSER. No; I didn't.

Mr. HALLEY. Now, you left the United States shortly before Siegel was killed. Would you tell the circumstances that led to your leaving the United States?

Mrs. HAUSER. I was planning to leave the United States long before that. I had gone to San Francisco. I got my passport, and I knew these people in France, and I was supposed to go there and visit them. But then a friend of mine wrote me a letter and said about all the people we were going to see; and I told her not to do that; that if Ben ever saw the letter he would get mad. So he got the letter and read it and saw all these things I planned to see in Europe, and these people, and he didn't like this boy that I knew in France. So then he told me I couldn't go.

So then, later on, I had a big fight with him because I hit a girl in the Flamingo and he told me I wasn't a lady. We got in a big fight. I had been drinking, and I left, and I went to Paris when I was mad.

Mr. HALLEY. Before you left, had you heard any rumors that Siegel was having trouble with any of his gangster friends?

Mrs. HAUSER. I never heard any kind—that he was having any trouble. And all I know, he was worried about the hotel. I hated the place, and I told him why didn't he leave it and get away from it because it was making him a nervous wreck.

Mr. HALLEY. And your leaving was completely a personal matter?

Mrs. HAUSER. Yes, it was.

Mr. HALLEY. While you were in Sun Valley, you made a number of calls to Mexico. Do you have any particular business in Mexico?

Mrs. HAUSER. Just fellows I know.

Mr. HALLEY. Do you spend a considerable amount of time there?

Mrs. HAUSER. I been going there for about 12, 13 years—maybe 14, I don't know.

Mr. HALLEY. You have friends there; is that right?

Mrs. HAUSER. I have lots of friends there.

Mr. HALLEY. Have you ever known anybody who was in the narcotics traffic in Mexico?

Mrs. HAUSER. Well, since it's been in the papers, I didn't know anybody in the narcotics traffic; but since I've been going to Mexico a lot of people have approached me and tried to give me those things. One fellow come one time and said he had a lot of H. and C.—which I don't know what it was, and when I asked him what it was, he told me it was heroin and cocaine. I told him to get out of the house. He told me don't I know people. I said they'd break my neck if I mentioned such a thing. I had people who used to come and say, "Don't you want some?" I had an awful time getting rid of people down there that offered it to me.

Mr. HALLEY. Did someone once try to get you to help sell it, and you refused?

Mrs. HAUSER. Yes.

Mr. HALLEY. And who was that?

Mrs. HAUSER. It was an ex-brother-in-law of mine.

Mr. HALLEY. Can we have his name?

Mrs. HAUSER. His name was Valdez Gonzalez. I don't know what his first name is.

Mr. HALLEY. But as far as you know, you have never had anything to do with this narcotics traffic?

Mrs. HAUSER. Never. The only time I ever came in contact, or even heard about it. Then when I asked, "What gives you the idea that I want any of that stuff?" He said, "The papers." I said, "Well, you better not read the papers." I threatened to break their necks, if they ever come around with that stuff and even mention it.

Mr. HALLEY. What was his name?

Mrs. HAUSER. Valadez Gonzalez.

Mr. HALLEY. Valadez?

Mrs. HAUSER. Two names.

Mr. HALLEY. Gonzalez?

Mrs. HAUSER. Yes.

Mr. HALLEY. And he was a former brother-in-law of yours?

Mrs. HAUSER. Yes.

Mr. HALLEY. At one time you were married to a man who was a Mexican; is that right?

Mrs. HAUSER. Yes. I don't know if he was serious or if he just wanted to find out things, but it made me very furious. And I told him to leave me alone. And I told people whom he knew never to bring him around to me again.

Mr. HALLEY. I've been handed a paper with a spelling—V-a-l-a-d-e-z G-o-n-z-a-l-e-z. Is that right?

Mrs. HAUSER. G-o-n-z-a-l-e-s.

Mr. HALLEY. G-o-n-z-a-l-e-s?

Mrs. HAUSER. Yes.

Mr. HALLEY. The paper wasn't much use. Thank you.

Now, did you have certain people from Mexico visiting you while you were at Sun Valley?

Mrs. HAUSER. Nobody visited me from Mexico while I was in Sun Valley.

Mr. HALLEY. Well, didn't the young lady—

Mrs. HAUSER. Well, she is one girl, but she is an American. She just lives down there some.

Mr. HALLEY. She came up from Mexico City?

Mrs. HAUSER. No; she was already here, and she was visiting her brother in Arizona, and she came on to Sun Valley. Then she went back to Mexico.

Mr. HALLEY. She was with you during what period, do you remember?

Mrs. HAUSER. She was there for 2 weeks, I think.

Mr. HALLEY. During what 2 weeks, do you remember?

Mrs. HAUSER. The first 2 weeks, I believe.

Mr. HALLEY. The first 2 weeks?

Mrs. HAUSER. I think it was.

Mr. HALLEY. Then where did she go from Sun Valley?

Mrs. HAUSER. To Mexico.

Mr. HALLEY. Back to Mexico?

Mrs. HAUSER. Yes.

Mr. HALLEY. And then once in a while you called her?

Mrs. HAUSER. Yes. She is a good friend of mine. Sometimes I would stay with her. Sometimes, in Acapulco, I stayed at her house.

Mr. HALLEY. Do you think you would be in a position to give the Narcotics Bureau any help in catching these narcotic people who came to you—

Mrs. HAUSER. I don't know how I could give them any help. All they have to do is to go to Mexico. Everybody knows who uses it. It's no secret down there.

Mr. HALLEY. They seem to feel that there is a drug store or a soda fountain near Acapulco that might figure in the picture. Do you know that soda fountain?

Mrs. HAUSER. I never knew anybody, outside of a couple of musicians and other people around, that asked me do I want it.

Mr. HALLEY. But you do know that soda fountain?

Mrs. HAUSER. No; the only place that I went to, to buy groceries or anything is La Suiza, and that's the only place I know, the only place I went to get groceries or anything.

Mr. HALLEY. Did you ever meet a man named Miguel Abad?

Mrs. HAUSER. They asked me. The only Miguel I know is—was a Miguel—I don't know his last name, but he was a policeman or something. He worked like he was a bodyguard for a man I went with, but I don't know what his last name is. But that's the only Miguel I know—you know, close.

Mr. HALLEY. He never talked to you about any narcotics?

Mrs. HAUSER. No, sir. The only one outside of some musicians and a few people around—that's the only ones that ever talked to me about it.

Mr. HALLEY. Did I get the impression that the talk of narcotics is fairly common in and around Acapulco?

Mrs. HAUSER. Not so much Acapulco as Mexico City.

Mr. HALLEY. Thank you very much, Mrs. Hauser.

The committee members probably have some questions.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No questions.

The CHAIRMAN. Mrs. Hauser, you didn't tell us what kind of betting you did with all this money.

Mrs. HAUSER. Horses. I used to get tips.

The CHAIRMAN. Just how do you do that? We would be interested in that, Mrs. Hauser.

Mrs. HAUSER. I used to know some people, that when they would get good tips, they would give them to me. Some of them were bookmakers, some of them were around tracks; I don't know.

But they used to give me the horses all the time, and tell me. And sometimes Mr. Epstein used to make the bets for me.

The CHAIRMAN. Apparently, every year you were able to win rather substantial amounts of money, from \$15,000 to \$30,000?

Mrs. HAUSER. That's right.

The CHAIRMAN. How much would you bet on horses?

Mrs. HAUSER. Oh, sometimes I would bet \$100, \$200, \$500. It would depend on the horse.

The CHAIRMAN. It would depend on how good your tip was also?

Mrs. HAUSER. Yes.

The CHAIRMAN. Would you do most of it through bookies, or would you be out at the horse track?

Mrs. HAUSER. Sometimes I went to the track, and a lot of times it was through bookies.

The CHAIRMAN. Where did you do most of it, in California, or in this part of the country?

Mrs. HAUSER. A lot of times here, out of New York, and sometimes in Chicago, and sometimes in California.

The CHAIRMAN. Did you have any trouble finding bookmakers in New York City?

Mrs. HAUSER. I didn't find them; they seemed to be around.

The CHAIRMAN. You mean, you just wanted to place a bet, and they would be around?

Mrs. HAUSER. Yes. But then, finally, I think they didn't even want to take bets from me, one of them; I don't know who he was.

The CHAIRMAN. Do you know which one?

Mrs. HAUSER. I don't know which one, but he wouldn't take any more bets because I won so much.

The CHAIRMAN. And you always knew the horse that you were betting on?

Mrs. HAUSER. I knew what I was betting on before I bet him.

The CHAIRMAN. How does that work? You mean some of your friends that you called, they would tell you which was a good horse in the race tomorrow, and that would be the horse you bet?

Mrs. HAUSER. Yes. And sometimes I have had them ahead of tomorrow. They have told me a few days later to bet on—

The CHAIRMAN. How do you think they got that inside information?

Mrs. HAUSER. I have no idea. Never asked them.

The CHAIRMAN. Didn't some of them actually have an interest in the stables?

Mrs. HAUSER. I don't know.

The CHAIRMAN. You just were glad to get the word, and that is how it was?

Mrs. HAUSER. Yes.

The CHAIRMAN. About other sporting events like football and basketball?

Mrs. HAUSER. I don't know anything about those things. I have never been to one in my life, and don't know anything about them.

The CHAIRMAN. You didn't ever bet on them, did you?

Mrs. HAUSER. No.

The CHAIRMAN. Do you still bet the horse races?

Mrs. HAUSER. That's the only thing—now?

The CHAIRMAN. Yes.

Mrs. HAUSER. I don't bet anything now. I am afraid I will win, and then they will say I made more money than I did.

The CHAIRMAN. You mean, you just don't want to win any more money?

Mrs. HAUSER. I don't want any more.

The CHAIRMAN. That's a good reformation all right.

But now, how about the Flamingo Hotel? Did you spend a good deal of time there with Ben Siegel?

Mrs. HAUSER. Yes.

The CHAIRMAN. Do you recall the instance where he had trouble with some other people about spending too much money, of the Flamingos?

Mrs. HAUSER. No. The only time I ever saw him, he was pacing the floor up and down, was because the way, I don't know, sometimes at night, he said that he had lost, or I don't know what was the matter.

But I told him, why did he want to stay in that thing like that if it was worrying him so, because he seemed to be awful worried about the business. And he couldn't get the kitchen running right, and all that stuff. He said everything was upside down.

The CHAIRMAN. Did he have Moe Sedway as manager, or something like that?

Mrs. HAUSER. Moe Sedway wasn't around there.

The CHAIRMAN. Moe Sedway came from Rosen, didn't he?

Mrs. HAUSER. I don't know about that. I don't think Moe Sedway had anything to do with the Flamingo when I was there.

The CHAIRMAN. You knew Moe Sedway, didn't you?

Mrs. HAUSER. I knew Moe Sedway, yes.

The CHAIRMAN. Then this chap that came out from New York to take over the Flamingo after Ben Siegel was killed, do you know him?

Mrs. HAUSER. Well, you see, I know nothing about it. I haven't been around, I haven't got in touch with those people, I know nothing about it.

The CHAIRMAN. Did you go back to California when you came back from Reno?

Mrs. HAUSER. From Reno, when I was looking for a ranch, I went to San Francisco. Then I caught a plane. I wanted to do some shopping for my baby, and then I went back to Spokane, and I was never around any of those people any more.

The CHAIRMAN. So you haven't been back to Los Angeles since then?

Mrs. HAUSER. No.

The CHAIRMAN. Did you have a home in Los Angeles or Beverly Hills?

Mrs. HAUSER. No; I never had a home there. You mean owned it? No.

The CHAIRMAN. Where did you live in Los Angeles?

Mrs. HAUSER. I lived? At the time I lived on Linden Drive—I don't remember the number—where Ben was killed.

The CHAIRMAN. That was your home, where he was killed?

Mrs. HAUSER. It wasn't my home. It was Mr. Romero's home.

The CHAIRMAN. I know, but you had it rented, didn't you?

Mrs. HAUSER. Ben rented it, I don't know, or my brother—I don't know who used to pay. I think they paid him \$500 a month, but Ben gave the money to pay him.

The CHAIRMAN. That was Mr. Romero?

Mrs. HAUSER. Yes.

The CHAIRMAN. What was his first name?

Mrs. HAUSER. Juan.

The CHAIRMAN. How long did you have that house?

Mrs. HAUSER. Well, it wasn't so long.

The CHAIRMAN. But Ben rented the house from him and then you and your brother lived there; is that the situation?

Mrs. HAUSER. Yes.

The CHAIRMAN. And your brother and Allen Smiley were there when he was killed?

Mrs. HAUSER. Yes, and this other girl that worked for me.

The CHAIRMAN. And a girl who worked for you?

Mrs. HAUSER. Yes.

The CHAIRMAN. You mean a servant in the house?

Mrs. HAUSER. Well, she used to run errands, you know, buy my things and fix my hair and everything.

The CHAIRMAN. Sort of a secretary and what not?

Mrs. HAUSER. Yes.

The CHAIRMAN. What was her name?

Mrs. HAUSER. Jerrie.

The CHAIRMAN. How well did you know Allen Smiley?

Mrs. HAUSER. Well, he was around all the time with Ben.

The CHAIRMAN. Was he a good friend?

Mrs. HAUSER. Yes.

The CHAIRMAN. Did Ben have much to say about his wire-service difficulties he was having at that time?

Mrs. HAUSER. I never heard anything about the wire service. One time I was going to read something in the Time magazine, I saw his picture, and he took it away from me.

The CHAIRMAN. He wouldn't let you know about it?

Mrs. HAUSER. No.

The CHAIRMAN. Didn't that arouse your suspicion, that he wanted to keep that a secret from you?

Mrs. HAUSER. Well, he told me I had no business knowing that, don't read that, and everything, so—

The CHAIRMAN. He didn't usually just jerk things away from you; did he?

Mrs. HAUSER. He did. I was in an airport with him in Las Vegas, and I saw it, but he wouldn't let me read it.

The CHAIRMAN. But when you were just reading a newspaper, he wouldn't do that to you; would he?

Mrs. HAUSER. Well, there was never much about him in the newspaper.

The CHAIRMAN. Anyway, he didn't want you to know about his wire-service difficulties?

Mrs. HAUSER. He didn't want me evidently to know about anything.

The CHAIRMAN. Why did you think that was so?

Mrs. HAUSER. I don't know.

The CHAIRMAN. Well, particularly when he saw that you were reading in a magazine about his difficulty with the wire service, he jerked Time magazine out of your hand; is that true?

Mrs. HAUSER. Yes.

The CHAIRMAN. What did he say about it then?

Mrs. HAUSER. He said, "Don't read that baloney."

The CHAIRMAN. He just didn't want you to believe that he had had any difficulty about the wire service; isn't that it?

Mrs. HAUSER. Well, I don't know anything about a wire service myself.

The CHAIRMAN. Do you feel like talking about it? Do you have any theory about what happened, who it was had it in for him? I don't want you to mention any name.

Mrs. HAUSER. Mr. Kefauver, if I knew anything about it, believe me, I would be the first one to talk. I don't know anything, and I have asked people and they say they don't know anything. Nobody seems to know anything.

The CHAIRMAN. Did he and Allen Smiley seem to be very good friends?

Mrs. HAUSER. He was very good to Smiley and he was always—they were always together, and Smiley was always around.

The CHAIRMAN. And then your brother—what is his first name?

Mrs. HAUSER. Charles.

The CHAIRMAN. Where is he now?

Mrs. HAUSER. Mexico.

The CHAIRMAN. Does he make his home in Mexico?

Mrs. HAUSER. Yes. Well, he is married to a Mexican girl.

The CHAIRMAN. Well, didn't you have a business at one time in New York—

Mrs. HAUSER. No.

The CHAIRMAN. A restaurant?

Mrs. HAUSER. Oh, that night club. Well, someone talked me into that thing and then when Epstein found out what I had done, he told me to get out of it and not have anything to do with it, and what I had in to give it away and not to be bothered, because otherwise they would just want more money and everything.

The CHAIRMAN. You put about \$60,000 into it, didn't you?

Mrs. HAUSER. Oh, no; I put \$4,000.

The CHAIRMAN. How much?

Mrs. HAUSER. Four.

The CHAIRMAN. Four?

Mrs. HAUSER. Yes.

The CHAIRMAN. Tell us about that.

Mrs. HAUSER. Well, I was going with a fellow, and these fellows kept telling me that I should be a partner, it was so cheap and all that, you know, and I think what they wanted was for me to get the license, which I did.

The CHAIRMAN. When was this?

Mrs. HAUSER. Well, I guess 1940. So then when——

The CHAIRMAN. What was the name of the place?

Mrs. HAUSER. Hurricane.

The CHAIRMAN. What?

Mrs. HAUSER. Hurricane.

The CHAIRMAN. The Hurricane. And where was that located?

Mrs. HAUSER. On Broadway.

The CHAIRMAN. What number on Broadway?

Mrs. HAUSER. I don't know.

The CHAIRMAN. Well, what kind of license did you get?

Mrs. HAUSER. I guess it was the liquor license or something, I don't remember. But I went to get some kind of license.

The CHAIRMAN. You had a liquor license for a restaurant in a night club, didn't you?

Mrs. HAUSER. Yes.

The CHAIRMAN. And who were your partners in there?

Mrs. HAUSER. Well, I don't know if it was Irving Sherman—he was the one that talked me into it—and Dave Wolper, and Paul Bernie.

The CHAIRMAN. And they couldn't get licenses in their own name?

Mrs. HAUSER. Evidently not.

The CHAIRMAN. Why?

Mrs. HAUSER. I don't know.

The CHAIRMAN. But did they put any money into it?

Mrs. HAUSER. I don't know who else, but there were some more partners around there. But then I gave mine to Wolper after Epstein told me.

The CHAIRMAN. How many partners do you think you had?

Mrs. HAUSER. Well, there seemed to be a bunch of them, I don't know. But they were all that bunch.

The CHAIRMAN. And did you stay there and operate the night club?

Mrs. HAUSER. No. I was hardly ever in the place.

The CHAIRMAN. But you put \$4,000 in it?

Mrs. HAUSER. Yes. I was there opening night, and then a few times afterward. I never stayed around there very much.

The CHAIRMAN. Then Mr. Epstein found out about it?

Mrs. HAUSER. Yes, and he told me I was crazy.

The CHAIRMAN. Why? Wasn't it a good investment?

Mrs. HAUSER. No. He said that was only the beginning; then they would want more money, and more money, and the best thing I could do is just lose this and forget about it.

The CHAIRMAN. So what did you do?

Mrs. HAUSER. So I did what he told me.

The CHAIRMAN. Just ran off?

Mrs. HAUSER. I gave that to Wolper; he could have it.

The CHAIRMAN. You just quit?

Mrs. HAUSER. Yes.

The CHAIRMAN. Who was it you gave your interest to?

Mrs. HAUSER. Dave Wolper.

The CHAIRMAN. Dave Wolper? Is that W-o-l-p-e-r?

Mrs. HAUSER. I guess that's it.

The CHAIRMAN. What does he do?

Mrs. HAUSER. He was a lawyer.

The CHAIRMAN. In New York?

Mrs. HAUSER. Yes.

The CHAIRMAN. And whom else did you give it to?

Mrs. HAUSER. I only gave it to him. I don't know what he did.

The CHAIRMAN. Did he have money in the business, too?

Mrs. HAUSER. I don't know. I don't know anything about it outside I went and got the license, and when Epstein found out what I had done he told me to stay away from it.

The CHAIRMAN. You spend considerable time down in New Orleans, Mrs. Hauser?

Mrs. HAUSER. No; I have never spent a considerable time. I have been there a few times. My mother lives there, and I was there last year to see my mother.

The CHAIRMAN. Phil Kastel; you know him?

Mrs. HAUSER. I met him years ago. But that was, oh, I don't know—but I haven't seen him. That must have been 8 or 9 years ago that I met him once, but I've never seen him since.

The CHAIRMAN. But your family lives in New Orleans?

Mrs. HAUSER. My mother.

The CHAIRMAN. And Bessemer, Ala., was your home, wasn't it?

Mrs. HAUSER. Yes.

The CHAIRMAN. Did you take part in the world's fair? Is that when you met Epstein?

Mrs. HAUSER. I was a waitress.

The CHAIRMAN. You were?

Mrs. HAUSER. Yes.

The CHAIRMAN. You made a trip to the big city and then you met Joe Epstein; is that it?

Mrs. HAUSER. A year after the fair.

The CHAIRMAN. You stayed in Chicago?

Mrs. HAUSER. Yes; but I met a lot of people before I met him.

The CHAIRMAN. Your father came up and tried to make you come back home, didn't he?

Mrs. HAUSER. My father never came up. He had the police looking for me before I was 18. When I was 18 I went back home, just for a visit.

The CHAIRMAN. You mean from Chicago?

Mrs. HAUSER. Yes.

The CHAIRMAN. So you had them looking for you?

Mrs. HAUSER. Yes; because I was 17. Can't leave home till you are 18.

The CHAIRMAN. Then you remained at home until you were 18?

Mrs. HAUSER. I stayed away till I got 18; then I went back.

The CHAIRMAN. Then you left again?

Mrs. HAUSER. I used to go back whenever I felt like it then.

The CHAIRMAN. How much education have you had?

Mrs. HAUSER. To the eighth grade.

The CHAIRMAN. You didn't go to high school?

Mrs. HAUSER. No.

The CHAIRMAN. I believe you have been up in Senator Tobey's part of the country, up in Bar Harbor.

Mrs. HAUSER. Yes.

The CHAIRMAN. Do you own a home up there?

Mrs. HAUSER. No; I rented a place.

The CHAIRMAN. How many houses do you have an interest in now? The one in Florida—

Mrs. HAUSER. I have no—I sold that while I was in Mexico.

The CHAIRMAN. You did?

Mrs. HAUSER. Yes.

The CHAIRMAN. But you are now buying one at Spokane?

Mrs. HAUSER. Yes; that's the only one.

The CHAIRMAN. What is the total purchase price for that house?

Mrs. HAUSER. \$31,500.

The CHAIRMAN. You paid \$16,000 down?

Mrs. HAUSER. Yes.

The CHAIRMAN. You haven't any house in Los Angeles?

Mrs. HAUSER. I haven't any house any place but Spokane.

The CHAIRMAN. All right. Senator Tobey?

Senator TOBEY. Do you know Mickey Cohen?

Mrs. HAUSER. No, sir; I never met him in my life. I have seen him, he has been pointed out to me, but I never met him.

Senator TOBEY. Was he a close friend of Mr. Siegel's?

Mrs. HAUSER. Not that I know of.

Senator TOBEY. They had no business relations together, to your knowledge?

Mrs. HAUSER. No. Only once Ben borrowed a car that belonged to him and let me use it, and somebody stole it out of the Beverly Hills Hotel, the garage, but I never met him. I have seen him in places, people told me who he was, but I don't know him.

The CHAIRMAN. There has been a rumor that you had some difficulty with the customs coming back from France. Was there anything to that?

Mrs. HAUSER. Difficulties with the customs? The only difficulties I had is, when I was standing there and I looked out the window as an airplane crashed, somebody stole a ring of mine.

The CHAIRMAN. Oh, that's what it was?

Mrs. HAUSER. Yes. I was with some policemen, and all this stuff, and when I looked out the window, the stuff that I had worn, I had to sign that it was mine, somebody took the ring.

The CHAIRMAN. You had it on your finger?

Mrs. HAUSER. No. The fellow was counting the diamonds and, you know, everything, and he was looking at it and writing all about it down. Then I had to sign this paper that it had come from this country. So an airplane crashed and I looked out, and the other people did, too, that were standing there with me, and when I turned around the ring was gone.

The CHAIRMAN. You were standing on the dock with a man, were you not?

Mrs. HAUSER. I was standing with some policemen and things. I wasn't on the dock. I was in a room, in a room that you can see out of.

The CHAIRMAN. On a boat?

Mrs. HAUSER. No.

The CHAIRMAN. In a compartment or a stateroom on a ship; isn't that right?

Mr. HAUSER. No, no. It was here in New York.

The CHAIRMAN. It was after you got off the boat?

Mrs. HAUSER. I was not on a boat. I came on a plane.

The CHAIRMAN. I see. So you flew back, and you were talking to some policemen——

Mrs. HAUSER. Yes; a district attorney or something, from Los Angeles, that they had sent here, and a couple of policemen.

The CHAIRMAN. And he was looking at the ring, and there was an airplane crash, and somebody went off with it?

Mrs. HAUSER. Yes.

Senator TOBEY. Did you make any claim against the Government, for losing it while it was in their possession?

Mrs. HAUSER. No; I didn't want to bother.

The CHAIRMAN. How much was the ring worth? What did you pay for it?

Mrs. HAUSER. Ben had given me a watch with some diamonds, and I didn't like it, and I traded it in and got a lot of plain stuff, you know, some gold with little diamonds. I don't imagine the ring was worth more than \$500.

The CHAIRMAN. Well, they were claiming that you were trying to bring the ring in, that you had not had it in this country.

Mrs. HAUSER. That was not true. All that stuff was bought in Leickrich's jewelry store.

The CHAIRMAN. Anyway, that was the reason you were looking at it?

Mrs. HAUSER. No. They told me that when you have jewelry, you have to swear, you know, that you didn't buy it out of the country, and they have to count the stones on it, and all, and you have to sign it. So, to get out of there, I didn't make any bother about it. I didn't make any trouble, and I turned around, and it was gone.

The CHAIRMAN. So when you were looking at the plane accident, the ring disappeared, and you have never seen it since?

Mrs. HAUSER. That's right.

Mr. HALLEY. Just one thing. Mrs. Houser, you have testified now about a lot of details of your own finances and your own business.

But are you really not in any position to give this committee any of the details you must have heard about the business of Siegel, or Adonis?

Mrs. HAUSER. But I never knew anything about their business. They didn't tell me about their business. Why would they tell me? I don't care anything about business in the first place. I don't even understand it.

Mr. HALLEY. The reason I ask you is that you seem to have a great deal of ability to handle financial affairs.

Mrs. HAUSER. Who, me?

Mr. HALLEY. You seem to have taken very good care of your own finances.

Mr. HAUSER. I take care of myself.

Mr. HALLEY. And frankly it is hard for me to believe, sitting here, watching you in the last half hour——

Mrs. HAUSER. Whether you believe it or not, I don't know anything about their business. I wasn't interested. And in the first place, if

they ever started to talk about anything, I left; because I didn't want to know.

Mr. HALLEY. It just seems impossible.

Mrs. HAUSER. Maybe it's impossible, but it's true.

Mr. HALLEY. It seems impossible that you wouldn't know, for instance, who their associates were.

Let me, for instance, try to go down the list of the people at the Flamingo Hotel. Senator Kefauver mentioned it, and I was somewhat shocked that you said you didn't even know who was there.

Mrs. HAUSER. Why didn't you ask people. I was around with my own friends. I was never around with his friends.

Mr. HALLEY. Who were the people who hung around the Flamingo?

Mrs. HAUSER. I was at the Flamingo on a lot of times, people didn't even know I was there. I was upstairs in my room; I didn't even go out.

In the first place, I had hay fever, I was allergic to the cactus. Every time I went there, I was sick. So I had to take those benedrils, and they would make you feel terrible anyhow.

So the only time I ever went out there, hardly, was when friends of mine were there and wanted me to come downstairs and have dinner with them, or something.

But around Ben's friends, I never even met them or was around them.

Mr. HALLEY. Let's see if you know any of these people anyhow.

Do you know Hyman Abrams?

Mrs. HAUSER. I don't know that name.

Mr. HALLEY. Do you know Willie Alderman?

Mrs. HAUSER. I know Willie. But I knew Willie before I knew Ben.

Mr. HALLEY. Who is Willie Alderman?

Mrs. HAUSER. I don't know. He is just Willie Alderman. I met him in Chicago years ago.

Mr. HALLEY. What is his business?

Mrs. HAUSER. Maybe he is a bookmaker. I don't know.

Mr. HALLEY. Do you know a Dr. Black?

Mrs. HAUSER. Yes.

Mr. HALLEY. What is his business?

Mrs. HAUSER. He is a dentist.

Mr. HALLEY. Where?

Mrs. HAUSER. In Los Angeles.

Mr. HALLEY. And you know Meyer Lansky, of course?

Mrs. HAUSER. Yes.

Mr. HALLEY. Was he in the Flamingo with Siegel?

Mrs. HAUSER. I saw him one time.

Mr. HALLEY. He and Siegel were sort of partners back here in New York, weren't they?

Mrs. HAUSER. I knew nothing about that.

Mr. HALLEY. You have heard of the famous Meyer-Bugs gang?

Mrs. HAUSER. After Ben was killed, I heard about it, and I read about it.

Mr. HALLEY. You mean that all this time, from 1943 to 1947, you picked up no information that would be of any use?

Mrs. HAUSER. Nobody ever told me anything about him or anything. And he never told me, outside of, he said he liked to travel,

and that's why I should go with him, because we would go to Europe and all this stuff, and he knew all the pretty places.

He used to go with me to little resorts, and he liked to ride horses like I did, and swim, and all that stuff. I never knew these other things.

Mr. HALLEY. How about Cornelius Hurley?

Mrs. HAUSER. Who?

Mr. HALLEY. Cornelius Hurley.

Mrs. HAUSER. I never heard that name.

Mr. HALLEY. Did you meet a Mr. Pokrass, Louis Pokrass?

Mrs. HAUSER. I think I met a fellow one time by that name.

Mr. HALLEY. Where?

Mrs. HAUSER. In Las Vegas.

Mr. HALLEY. What was his business?

Mrs. HAUSER. I have no idea.

Mr. HALLEY. Who introduced you?

Mrs. HAUSER. Ben.

Mr. HALLEY. How about Morris Rosen?

Mrs. HAUSER. I think I met him, or saw him, once around the Flamingo.

Mr. HALLEY. Did you ever meet Abner Zwillman?

Mrs. HAUSER. Who?

Mr. HALLEY. Abner Zwillman.

Mrs. HAUSER. Is that the one they call Longy?

Mr. HALLEY. Yes.

Mrs. HAUSER. I met him once in Miami; Swiftly Morgan introduced him to me, in front of a hotel there. That's the only time I ever saw him.

Mr. HALLEY. You never met him with Siegel?

Mrs. HAUSER. No.

Mr. HALLEY. Did you ever meet a Sam Rothberg?

Mrs. HAUSER. Yes.

Mr. HALLEY. Where did you meet him?

Mrs. HAUSER. With Ben.

Mr. HALLEY. At the Flamingo?

Mrs. HAUSER. No. I met him before that.

Mr. HALLEY. Where?

Mrs. HAUSER. In Los Angeles. In Beverly Hills.

Mr. HALLEY. Did you know his business?

Mrs. HAUSER. Well, he said he had a dress shop.

Mr. HALLEY. And you say you knew Allen Smiley. Did you know Solly Soloway?

Mrs. HAUSER. Ben's brother-in-law? Sure, I knew Solly.

Mr. HALLEY. You knew him pretty well?

Mrs. HAUSER. I used to go to the house a lot with Ben.

Mr. HALLEY. What was his address?

Mrs. HAUSER. He worked in Las Vegas.

Mr. HALLEY. At the Flamingo?

Mrs. HAUSER. No. Down in one of those other places.

Mr. HALLEY. One of the other gambling joints?

Mrs. HAUSER. Yes.

Mr. HALLEY. And Charles Strauss?

Mrs. HAUSER. I don't know that name.

Mr. HALLEY. Dell Webb?

Mrs. HAUSER. I know Dell.

Mr. HALLEY. You didn't know him?

Mrs. HAUSER. Yes, I knew Dell.

Mr. HALLEY. Who is he?

Mrs. HAUSER. He is a contractor.

Mr. HALLEY. Was he the one who built the place?

Mrs. HAUSER. Yes.

Mr. HALLEY. How long had you known him before the place went up?

Mrs. HAUSER. I met him through Ben.

Mr. HALLEY. You met him through Ben?

Mrs. HAUSER. Yes.

Mr. HALLEY. And did you know William Wilkerson?

Mrs. HAUSER. Yes.

Mr. HALLEY. You don't seem to like him.

Mrs. HAUSER. I don't like him.

Mr. HALLEY. Who is he?

Mrs. HAUSER. He is a louse.

Mr. HALLEY. Trying to keep personalities out of it, what was his business.

Mrs. HAUSER. He made, he had some kind of a sheet or something. But he is the one that got Ben into that Flamingo, and did everything bad to him. That's what Ben told me, that he was the one that caused him all the trouble.

Mr. HALLEY. Did your brother work with Ben in Los Angeles?

Mrs. HAUSER. Not in Los Angeles; he worked at the Flamingo.

Mr. HALLEY. Never in Los Angeles?

Mrs. HAUSER. No.

Mr. HALLEY. What was Siegel's business in Los Angeles?

Mrs. HAUSER. He didn't have any business in Los Angeles.

Mr. HALLEY. None at all?

Mrs. HAUSER. No.

Mr. HALLEY. Did you know a man Jack Dragna?

Mrs. HAUSER. No; I didn't.

Mr. HALLEY. Or Jack Seegar?

Mrs. HAUSER. No.

Mr. HALLEY. You never met them?

Mrs. HAUSER. Never met him.

Mr. HALLEY. Did you ever know whether or not Siegel had a connection with the Golden Nugget in Las Vegas?

Mrs. HAUSER. That's where his brother-in-law worked.

Mr. HALLEY. He had the book establishment?

Mrs. HAUSER. No; he worked there something with a book, with horses.

Mr. HALLEY. He had the horse book there; is that right?

Mrs. HAUSER. He was working there, because I used to make bets with him sometimes.

Mr. HALLEY. And did Siegel have it?

Mrs. HAUSER. I don't know.

Mr. HALLEY. You never knew whether Siegel was interested in that horse room?

Mrs. HAUSER. No; I didn't.

Mr. HALLEY. Siegel never went there with you?

Mrs. HAUSER. I don't know how he could be interested, because I know he didn't like that fellow that owned it.

Mr. HALLEY. You mean who owned the Golden Nugget?

Mrs. HAUSER. Yes.

Mr. HALLEY. Did you ever hear Siegel talking how he was running his own horse book?

Mrs. HAUSER. No. He just said he didn't like the guy, McAfee, that owned the place—that he didn't like him at all.

Mr. HALLEY. Well, didn't you know whether or not Siegel and this Moe Sedway were partners?

Mrs. HAUSER. Moe was never around the Flamingo—only as a guest, that I ever seen.

Mr. HALLEY. Wasn't he ever around the Golden Nugget?

Mrs. HAUSER. No; I wasn't there many times. The only time I went there and bet horses sometimes with Solly.

Mr. HALLEY. You can't help us about that at all?

Mrs. HAUSER. No, sir; I never remember seeing him around there.

Mr. HALLEY. I wish you would rack your memory because from the—

Mrs. HAUSER. But I know Moe before. I met him in Chicago 2 years ago, but I never knew anything about him outside of he was around Las Vegas.

Mr. HALLEY. Well, what business was Adonis in? He has been very shy in telling us his business. Maybe you can.

Mrs. HAUSER. I don't know. I never asked him what business he was in, and he never told me.

Mr. HALLEY. How long have you known him?

Mrs. HAUSER. Well, I knew him, I guess, whenever it was—1942 or 1943—I don't remember exactly when it was, what year.

Mr. HALLEY. He never talked any business in front of you?

Mrs. HAUSER. Never talked business to me.

Mr. HALLEY. Did he ever talk any politics in front of you?

Mrs. HAUSER. Politics is something I don't know anything about.

Mr. HALLEY. You never heard that discussed by him or Costello?

Mrs. HAUSER. I never discussed politics with anybody. I don't know the first thing about politics.

Mr. HALLEY. Did you ever sit at a table and hear anybody else discuss politics?

Mrs. HAUSER. I never heard him discuss anything, outside of laughing and making jokes, and like I said—in case he ever talked to anybody, or anybody he ever knew, I found other things to interest myself. I never wanted to hear about anything.

Mr. HALLEY. You just didn't want to know anything?

Mrs. HAUSER. No, sir. I didn't want to know anything about anybody.

Mr. HALLEY. Thank you.

The CHAIRMAN. Mrs. Hauser, did you go to Italy when you were in Europe?

Mrs. HAUSER. I was never in Italy in my life. Only Lee Mortimer had me there, with two children that I can't find. I am supposed to have two grown children. He had me there twice. I've never been to Italy in my life, and I've never met Luciano or seen him, or anything.

The CHAIRMAN. He had you there, all right.

Mrs. HAUSER. He had me there twice. He had a woman they found and said it was me. They had her picture in the paper with two boys.

The CHAIRMAN. It wasn't you?

Mrs. HAUSER. No, I was in Mexico. Even when I came across immigration men, they said, "You're supposed to be in Italy."

I said, "You see where I am. They've got to write about something."

The CHAIRMAN. You don't know Lucky Luciano?

Mrs. HAUSER. I never saw the man in my life, been near him or anything, or know nothing about him.

The CHAIRMAN. This fellow, Wilkerson, that you were talking about, is he the one who has the Hollywood Reporter?

Mrs. HAUSER. That's the one.

The CHAIRMAN. That is the trade magazine in Hollywood.

Mrs. HAUSER. It's something—a little thing.

The CHAIRMAN. Is he the one that got Ben Siegel to invest in the Flamingo?

Mrs. HAUSER. I think so.

The CHAIRMAN. Did you ever go to Kansas City? Do you know any people out there?

Mrs. HAUSER. No; never.

The CHAIRMAN. St. Louis?

Mrs. HAUSER. I was in St. Louis, last year for the first time—no, the second time. I was there once with this Carlos that I was married to, but I didn't know anybody there. When I first came from Mexico, then I stopped in St. Louis to see some people.

The CHAIRMAN. Who do you know in St. Louis?

Mrs. HAUSER. Well, some of these people are not people that you would be interested in, that I wouldn't care to mention.

The CHAIRMAN. Tell me some of the people we wouldn't be interested in, if you know.

Mrs. HAUSER. I don't know if you would be interested in any of them. Swiftly was there when I was there; so I went to see him.

The CHAIRMAN. You spent some time in Galveston, too, haven't you?

Mrs. HAUSER. Galveston? I've never been to Galveston in my life.

The CHAIRMAN. All right. Anything else?

Senator TOBEY. Nothing more.

The CHAIRMAN. Thank you very much.

Mrs. HAUSER. Is that all?

The CHAIRMAN. That is all. You can go back.

The committee will stand in recess for 10 minutes.

(Whereupon a 10-minute recess was taken.)

The CHAIRMAN. The committee will come to order.

Who is our next witness, Mr. Halley?

Mr. HALLEY. Frank Costello.

The CHAIRMAN. All right, Mr. Costello, come around.

FURTHER TESTIMONY OF FRANK COSTELLO

Mr. HALLEY. Mr. Costello—

Mr. WOLF. May I make a statement, Senators?

The CHAIRMAN. All right, Mr. Wolf.

Mr. WOLF. Mr. Costello testified at a closed hearing for 2 hours on February 13, 1951, and for 6 hours on February 15, 1951. The witness

started to testify at open hearings in room 2803 in this building on March 13, 1951.

Before he started to testify, objections were made to broadcasting the proceedings by television, on the ground that he did not care to submit himself as a spectacle, that he would be deprived of proper advice of counsel——

The CHAIRMAN. Mr. Wolf——

Mr. WOLF. May I make this statement, Senator?

The CHAIRMAN. Perhaps I can save you some time.

Mr. WOLF. No, sir; this is in the nature of an objection.

The CHAIRMAN. Very well.

Mr. WOLF. That he would be deprived of advice of counsel at appropriate times, and would be rendered absolutely helpless under the circumstances.

Objection was made to the broadcasting by radio, on the ground that it would prevent the necessary privacy between counsel and witness.

The committee consented that the witness would not be televised, but that the proceedings would be otherwise televised, and that they desired the proceedings to be broadcast by radio, and assured counsel that the witness would be afforded every opportunity to have privacy of conference without its being audible to anyone.

The witness, through counsel, then consented to broadcast by radio.

It might be said, in passing, that Senator O'Connor, the acting chairman of the committee, during the entire period when this witness testified, scrupulously sought to safeguard the privacy between counsel and witness, and on frequent occasions cautioned counsel that the voices of witness and counsel were audible through the microphone.

The proceedings were both televised and broadcast by radio.

As far as the witness was concerned, they did not televise his face, but did televise the hands and the movement of the hands.

Now, the witness testified from 10 a. m. on March 13 to 5:30 p. m. On March 14, the proceedings were moved to a larger room, this room, 318 of the building, where the witness testified from 10 a. m. to 1 p. m.

During the entire proceeding of the witness, powerful, blinding klieg lights were focused on the witness and counsel. During all of this time, numerous cameras were audibly grinding, hordes of photographers were constantly roving about the room, standing on chairs, and other elevated portions of the room, as they are just at this moment, placing themselves directly in front of the witness, as they are at this moment, dashing about the room, brushing by the witness, taking close-up pictures by flashlights, at various angles; numerous reporters crowded into the room, in such close proximity to the witness, that they actually frequently brushed against him; the room was intensely hot, and without proper ventilation.

In spite of Senator O'Connor's cautions, it was impossible for witness and counsel to properly confer.

The noise, the confusion——

The CHAIRMAN. Mr. Wolf, are you referring to the other room, before we came down here?

Mr. WOLF. Both rooms.

The CHAIRMAN. All right.

Mr. WOLF. The blinding lights, the heat and the incessant interruptions made it impossible for this witness to properly concentrate on the questions.

Under normal circumstances, his position would have been an extremely trying one. But with these intolerable conditions it became an impossible one.

In the first place, as this committee has been informed, and is quite evident from the voice and the appearance of the witness, he was suffering from a severe case of throat inflammation and laryngitis. This committee was informed of his condition.

No formal request for an adjournment was made on that ground because, as counsel pointed out, such a request coming from this witness would have been misconstrued as an attempt to avoid questioning.

Because of his illness, the witness was at a decided disadvantage, suffered pain in his throat when he talked, and had difficulty in speaking.

With the added intolerable conditions that existed, and within a short time after he started to testify, it became apparent that the witness was unable to testify properly; that the witness could not properly concentrate on the subject matter of the questioning; that he was bereft of his power of recollection; and that as a result, his answers were incoherent, unintelligible, and at times inconsistent and seemingly contradictory.

It must be remembered what the general position of this witness is. It must be remembered that before he started to testify, he was labeled by this committee as an arch criminal. It must be remembered that according to newspaper reports certain members of this committee expressed themselves as desiring to see this witness prosecuted, if necessary, by perjury charges.

Now, this witness is informed that at the close of the session of March 14, statements were made by members of this committee, and counsel, to the effect that the witness had committed perjury. In fact, the witness has every right to assume from the reports of this proceeding that members of this committee have not only prejudged him but, according to statements of counsel, prejudged and have already discussed his sentence.

At times during the proceeding, the witness has been referred to as a defendant, and he was threatened with contempt, perjury charges, and with deportation.

There is no doubt in the mind of the witness that he is here not as a witness, but as a defendant.

Now he has reached the end, and the limits of physical and mental endurance. He cannot go on. He desires to defend himself, and wants the opportunity to do so.

He asks that this examination be postponed to such time when he is physically and mentally able to continue, and in surroundings and under circumstances where he can testify properly and defend himself.

The CHAIRMAN. Mr. Wolf—

Mr. HALLEY. May I be heard in connection with this application?

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. Mr. Chairman, the witness did testify before this committee in its executive session on two separate occasions. On those occasions, in the opinion of the committee's counsel, the witness did not testify truthfully as to many matters, and counsel carefully refrained from answering the witness' counsel when the witness' counsel asked if I thought he had answered truthfully.

The examination of the witness at the opening hearing started with an attack on the committee by the witness' counsel, a common tactic of the criminal courts to distract attention away from the subject matter at hand. The witness' counsel, in effect, put the witness' veracity in issue, and up to this point the examination has been directed primarily, not exclusively, but primarily, to the question of the witness' veracity.

It is obvious that such an examination would bring out the question of whether or not the witness has testified truthfully.

At the end of yesterday's session, your counsel stated and advised the committee that in his opinion the record was replete with statements which were untrue. I also stated that a study would have to be made as to whether those statements amounted to the offense of perjury. There are certain technical requirements; a man may make an untrue statement, even under oath, and still not be guilty of perjury unless that statement is material and unless at the time he makes it he knows it to be untrue.

Now, Mr. Chairman, I believe the witness must continue to testify, must answer questions on the four subjects which were stated as the subjects upon which the committee wanted detailed information at the end of the last session. They were: his activities; his legitimate business and his illegitimate business; his assets, and his net assets; his criminal associates, the people with whom he has associated before coming in front of this committee to testify; and finally, his political connections, which are perhaps the most important subject matter before this committee.

The committee expires on March 31. I believe that unless this witness continues, dilatory tactics will make it impossible for this committee to continue to do its job properly, hear these witnesses, including this one, and then make its final report to the Senate.

Therefore, I ask that the witness be instructed slowly, as carefully as possible, to answer questions with all due regard for his health, that if necessary, he be examined by a physician, but that the examination continue, the examination of this witness, particularly with regard to his political connections, as well as the more vital aspects of this committee's investigation, and it is impossible properly to examine this witness as to his political connections before covering the other subjects mentioned.

Mr. WOLF. Mr. Chairman, may I just make this remark?

The CHAIRMAN. All right, Mr. Wolf.

Mr. WOLF. That with respect to reflection upon me personally, on all occasions in our—

The CHAIRMAN. I didn't understand, Mr. Wolf, with respect to reflection—

Mr. WOLF. Any reflection upon me as an attorney for properly advising and defending my client and his rights. It is the first time such a suggestion has ever been made by anybody connected with your committee. I always believed in the private conversations that I had with you, each member of your committee—you, Senator Kefauver, you, Senator Tobey, and Senator O'Connor—that as far as I personally was concerned, you believe that I had acted conscientiously and to the best interests of my client as I saw it.

As a matter of fact, the record is replete with instances where you have commended me for being conscientious in what I believed to be my efforts to safeguard the interests of my client.

Only yesterday, Senator O'Connor said:

We have absolutely no thought in our minds that you are taking any position other than that which you conscientiously believe to be in the best interests of your client, and we commend you for it and believe that you not only have the privilege but have the absolute right and duty to do it, and there is nothing we can say and do which casts any reflection on your judgment and conduct here, which is of any reproach.

Now, I don't believe that is the issue here. I am not attempting to divert the issue. It is Mr. Halley that is trying to divert the issue by casting aspersions upon me as an attorney. The only issue is one of whether or not this witness has a right to an adjournment, a reasonable adjournment, so that he can be in a physical and mental condition to continue this examination. There is no thought in the witness' mind of avoiding this examination, and never was. I think you will all agree with me on that, that there was complete cooperation by the witness in responding to subpoenas and arranging for the service of subpoenas.

We have never got 1 minute's adjournment or asked for it. We have come here on the days that you asked us to be here. We have deferred to your convenience and not ours. And as a matter of fact, when I apprised you of the illness of Mr. Costello and told you that it would be embarrassing to make that public and I didn't want to make an application for adjournment on that ground, you yourself said, Mr. Halley, that you realized the position we were in and you yourself would cooperate with us from time to time and defer to the condition of this witness.

Now, never once during all these hours of testimony have we asked for an adjournment.

MR. HALLEY. Mr. Wolf, with that in mind we did yesterday, at 2 o'clock, turn to other witnesses, and with that in mind we did today schedule other witnesses for this morning. But I must say that I think that the time taken by simply delaying tactics in the last 2 days would have been sufficient to complete the examination of Mr. Costello had we gone about it in a businesslike fashion without delaying tactics, which may be within the province of a defense counsel but nonetheless must be so characterized, if I am to be frank.

MR. WOLF. May I ask you what delay in tactics you refer to? We have been here when you wanted us here.

THE CHAIRMAN. Mr. Wolf, there is no purpose to be served by continuing this time-consuming colloquy between you and Mr. Halley. You have, and we want to give any person brought here and his attorney full time to be heard; and I think you will agree that the committee has been very patient in hearing you at considerable length about various and sundry matters.

Ordinarily, as you know, some committees—I have seen some congressional committees—do not even allow attorneys to be there to represent witnesses. Some require that attorneys file written statements of any questions they want asked, or file written statements of any points they want raised. But we have operated on the basis of inviting and welcoming any person called to have their attorney and to give them all the time they want.

I do not think that we would have been very much further along with the investigation and with Mr. Costello's testimony if so much time had not been taken up perhaps by the attorneys. We have taken

up a great deal of time, Mr. Wolf. I don't criticize you for it. That is what you felt you should do in the interest of your client, and that is quite all right with the committee.

Now, I do hope, though, that we can get on and have a minimum amount of argument between lawyers in connection with Mr. Costello's testimony.

I do want to make these matters of observation: I agree with you that in the other room that we were in conditions were very bad and it was quite uncomfortable for everybody. That was the only hearing room we could get at the time. We finally had arrangements, through the courtesy of Judge Goddard and Judge Knox, to get this room, where the conditions are very much better.

You asked that Mr. Costello not be televised. The committee made a substantial concession in that regard, because you may have noticed by the press that the committee cited Mr. Carroll for contempt because he refused to testify before television. The committee decided, though, that as a matter of policy, if the light were obtrusive, and if some witness was not feeling well, or some reason of that sort, we would not abide by the decision we had in Carroll's case. We felt that way because of the presentment that you made, the representations that you made about Mr. Costello's physical condition, together with the facts that the lights here are not quite as satisfactory in the way of being indirectly lighted as they were in St. Louis, at which time Mr. Carroll was called. So Senator O'Connor, with the concurrence of Senator Tobey and myself, directed that Mr. Costello not be televised.

The next morning it came to our attention that they had televised his hands. We felt that if you had any objection to that, you would have raised it, and the committee would have instructed the gentlemen who were operating the television cameras not to televise any part of him whatsoever. But you said nothing about it. If you object to that now, we will instruct the cameramen to not televise Mr. Costello's hands or any part of him.

MR. WOLF. No, sir. My request, Senator Kefauver, is a general one for an adjournment.

THE CHAIRMAN. All right.

MR. WOLF. And I say that with the greatest respect for each member of this committee and for Mr. Halley personally.

MR. HALLEY. Mr. Wolf, may I ask a question?

MR. WOLF. But I am making that objection as the attorney for this witness, who has informed me that he cannot go on and wants an adjournment.

MR. HALLEY. May I ask you one question, Mr. Wolf?

MR. WOLF. Now I am trying to perform a duty.

THE CHAIRMAN. Well, Mr. Wolf—all right, Mr. Halley.

MR. HALLEY. Mr. Wolf, in the course of your long statement you haven't made it clear how much of an adjournment you want. Would you make a specific request, so that the committee can have something before it to act on?

MR. WOLF. Yes. We want an adjournment until such time as Mr. Costello is well, and we want the adjournment until he is well, until he is fully recovered and in a position to be able to testify satisfactorily. It may be a matter of several weeks.

We want an adjournment, and at the same time we want an adjournment to a place where the examination can be conducted so as to

give this—and I am calling him a defendant; I am falling in the same error as you gentlemen did at the very start of this examination—so I want it adjourned to a place where these proceedings can be conducted with dignity, where they can be conducted so that the witness is in a position to concentrate on the questions that are asked and try to give the committee the full benefit of his information.

The CHAIRMAN. Mr. Wolf, in the opinion of the present chairman, Mr. Costello was not excited when he testified. He had plenty of time to answer the questions. He had his memory refreshed from time to time.

I can't see all of the conditions that you talked about. Of course, if the committee should have to delay its hearing of Mr. Costello for 2 or 3 weeks, until he feels better—if he does feel bad—we would be expired by that time.

Mr. WOLF. Mr. Costello may expire, if you don't grant it.

The CHAIRMAN. The same would be true of our other witnesses.

Your motion is overruled. The adjournment will not be allowed.

Now, you talk about the observations of the committee. You yourself said that in at least one answer, that you did not think Mr. Costello's answer was forthright, and you consulted with him.

Now, in your consultations, if you move the microphones, and you put your hands over them, I don't think anything will be audible.

If you want the lights turned off for Mr. Costello, they will be turned off, and turned on somewhere else.

Senator Tobey has some observations.

Senator TOBEY. I shall be very brief. If it is in order, I want to apply the words of Farragut of Mobile Bay, "Damn the torpedoes. Go ahead."

The CHAIRMAN. Well, of course, the remarks of lawyers are not quite as devastating as torpedoes, but I do think it would be a very good idea to go ahead.

Do you want the lights turned off?

Mr. WOLF. No; I think in view of the torpedoing about to be released, I think we should have the protection against the assault, and the only protection we can have is by having these proceedings conducted under proper circumstances, Senator Kefauver.

Now, I have made my position as clear as I know how. I have stated the position. I don't care to state anything further about it.

The CHAIRMAN. All right. If the lights bother Mr. Costello, I hope you will say so, and we will turn them off him. And if he does not want to have his hands televised—well, I will leave that to you, sir.

Mr. COSTELLO. Senator, they do bother me. I am in no condition to testify.

You heard my statement through Mr. Wolf, and I stand by it, and under no condition will I testify from here in, until I am well enough.

The CHAIRMAN. You refuse to testify further?

Mr. COSTELLO. Absolutely.

The CHAIRMAN. You ask questions, Mr. Halley, and we will see.

Now, just a moment. just a moment. Let us not have the television now on any part of Mr. Costello. That was, I think, what Senator O'Connor directed the other day. Let it be on anything else but Mr. Costello.

Ask questions, Mr. Halley. We will see.

Mr. HALLEY. Before I start, I think I should say, Mr. Chairman, that for a sick man, Mr. Costello is a very astute witness, in my opinion, for the last 2 days, and a very difficult witness to cross-examine.

Mr. HALLEY. Mr. Costello, did you hear or read—

The CHAIRMAN. Let me ask now, is it possible for the lights on Mr. Costello, is it possible to have that changed; or how long would it take?

That's better now.

Mr. COSTELLO. Mr. Halley, am I a defendant in this courtroom?

Mr. HALLEY. No.

Mr. COSTELLO. Am I under arrest?

Mr. HALLEY. No.

Mr. COSTELLO. Then I am walking out.

Mr. HALLEY. You are under subpoena.

The CHAIRMAN. Just a moment, Mr. Costello. We have made it clear all the way around, at all times, that this is not a grand jury, it is not a court; we have no powers of the court to punish anybody, except for contempt of the committee. This is an investigation, and you are a very important witness in our investigation.

If we can get on with the questions and answers, we ought to get through pretty soon.

Mr. COSTELLO. But, Mr. Senator, I want to think of my health first. I am only here as a witness, and I want to protect myself.

When I testify, I want to testify truthfully, and my mind don't function.

The CHAIRMAN. Your mind seems to be functioning pretty well. You seem to be able to understand things pretty well, Mr. Costello.

Mr. HALLEY. May I go ahead and ask questions, Mr. Chairman?

The CHAIRMAN. All right. Proceed, Mr. Halley.

Mr. HALLEY. Mr. Costello, did you hear the testimony of Mr. Francis McLaughlin yesterday?

Mr. WOLF. The defendant—

Mr. COSTELLO. Mr. Halley, with all due respect to the Senators, I have an awful lot of respect for him, I am not going to answer another question.

You just said I am not under arrest, and I am going to walk out.

Mr. HALLEY. I should explain to you exactly what the legal situation is: You are under subpoena and if, as I assume, the chairman instructs you to remain and answer questions, you will thereby become guilty of contempt of this Senate committee.

In addition, this committee has the legal right to recommend to the United States Senate that a warrant of arrest be issued for you. It has not done it because you are here.

I am not saying it will do it. But I want you to understand, if you are contemplating walking out, as you have just put it, or any such act, that this committee is not powerless.

The United States Senate has the power to order you arrested and brought physically before the committee to testify.

Now, if you are ill, produce a doctor's certificate, produce an affidavit of a doctor. If you are not ill, testify.

Mr. WOLF. I am submitting a certificate of a doctor who examined Mr. Costello this morning, while Mr. Costello was in bed.

I advised Mr. Costello, notwithstanding, to come here.

Mr. HALLEY. This, Mr. Chairman, is a certificate of Dr. Vincent J. Panettiere, M. D., dated March 15, 1951. It says:

Mr. Frank Costello of 115 Central Park West is confined at home in bed. He is suffering from acute laryngotracheitis. He should remain in bed and have complete voice rest for several days.

Respectfully submitted.

VINCENT PANETTIERE.

First of all, Mr. Wolf, have you consulted this doctor yourself?

Mr. WOLF. No. I did speak to a doctor on the telephone the other day. I think I spoke to you about it; Dr. Quick.

Mr. HALLEY. This certificate doesn't say, for one thing, that Mr. Costello would need several weeks; so when I asked you about how long an adjournment you wanted, you said, "Several weeks."

Mr. WOLF. I do say several weeks. The fact that he may remain in bed for several days, and I think he needs several weeks.

Mr. HALLEY. Secondly—

Mr. WOLF. Or I would take a week.

Mr. HALLEY. Secondly, the certificate doesn't say that Mr. Costello is in danger of any permanent impairment of his health. It doesn't state whether he has any temperature. It simply says he should remain in bed and have complete voice rest for several days.

I think I could get several doctors to certify to that about myself at this point.

Mr. Chairman, I submit that this is not a satisfactory certificate.

The CHAIRMAN. This doesn't say, Mr. Wolf, that it will be dangerous or injurious to Mr. Costello's health for him to testify. Is it just a sore throat; is that his difficulty?

Mr. WOLF. I don't know.

The CHAIRMAN. He seems to be able to talk very well.

Senator TOBEY. I think it is his gall bladder.

Mr. WOLF. Senator Tobey's knowledge of Latin probably would help us know what those terms are. I don't know.

The CHAIRMAN. Well, you are here, Mr. Costello, and apparently you have no fever, your voice can be heard, at least to some extent. Suppose we go on for a while and see how we get along this afternoon.

Mr. WOLF. I object, Senator Kefauver, to further questioning of this witness.

The CHAIRMAN. I know you object, but this certificate is not enough, Mr. Wolf.

Mr. WOLF. Regardless of the certificate, I have stated grounds on which my application is made. It is not only confined to that; that is only a part of it.

The CHAIRMAN. Very well. If Mr. Costello wants to risk his chances with this committee and with the Senate, he can do so.

Mr. WOLF. All right.

(Mr. Costello and Mr. Wolf started to leave.)

The CHAIRMAN. Just a minute, Mr. Wolf; just a minute, Mr. Costello. Just a minute. Sit down just a minute.

Mr. HALLEY. Please, may we have some order?

The CHAIRMAN. I think in order to get the record clear we will let Mr. Halley ask a question and then you make any objection and then the witness can either answer it or refuse to answer it.

Mr. HALLEY. Then the chairman will issue a direction and there will be a clear issue.

Now, Mr. Costello, would you state whether or not you are familiar with the testimony given yesterday by Mr. Francis McLaughlin?

Mr. COSTELLO. I refuse to answer the question. When the proper time comes I will have plenty to say.

The CHAIRMAN. Well, the chairman directs you to answer the question, Mr. Costello.

Mr. COSTELLO. At this particular moment I will not.

The CHAIRMAN. Do you refuse to follow the direction of the Chair?

Mr. COSTELLO. Absolutely.

The CHAIRMAN. The Chair directs you to answer the question and to answer such other questions as will be asked this afternoon.

Mr. COSTELLO. I still refuse.

The CHAIRMAN. Then I think it is only fair to tell you that under those circumstances—I have just consulted with Senator Tobey—we will have to ask for your arrest by the United States Senate to bring you in to testify, and we will also have to ask for a contempt proceeding against you. I want to tell you that right now, Mr. Wolf and Mr. Costello, what we expect to do. We don't expect to have a witness who appears here in very good physical condition asking for an indefinite postponement for some time when the committee will be out of operation, where it is quite apparent that he is able to at least testify some. We will cooperate with you. If his voice gets bad, we will cooperate with you. But to have anybody attempt to defy the committee in the manner that Mr. Costello is trying to, we will use every recourse in our command to see that he is brought to contempt and he is arrested by the United States Senate. Is that understood?

Mr. WOLF. I am quite sure the witness understands it. I have gone over this situation with the witness.

The CHAIRMAN. Has the witness been served with a subpoena?

Mr. WOLF. Yes.

The CHAIRMAN. Then you remain under subpoena subject to further order of the committee.

(Mr. Costello and Mr. Wolf left the room.)

The CHAIRMAN. I might explain the proceedings in connection with the matter of contempt before the committee. The committee is now operating as a subcommittee. This hearing is now being held by a subcommittee of the Senate Committee on Organized Crime, which is composed of five members. This is done pursuant to a resolution authorizing the chairman to appoint a subcommittee of one or more to hear a particular hearing.

The chairman has appointed a subcommittee of two to have this hearing. The procedure will be that Senator Tobey and the chairman, as a subcommittee of two, will make a recommendation to the whole committee, which will then be acted upon and then that recommendation will be brought up on the floor of the Senate. If voted favorably it is then referred to the United States district attorney for the district in which the violation took place, which would be Mr. Irving Saypol, the district attorney for the southern district of New York.

As to the arrest matter, the committee makes its recommendation to the Senate, the Senate votes upon it, and then it is carried out by the Sergeant at Arms of the Senate, who has a right either to bring a witness who refuses to testify before the particular committee before which he refused to testify, or before the bar of the Senate itself.

There are now warrants for arrests out for, originally about 17 people, but some 6 or 7 or 8 of them have either come in to testify or made arrangements to do so.

The resolution of the Senate as to the other witnesses states that they be brought before this committee or that they be brought before the bar of the Senate or such other committee in the future as the Senate may designate. That will be the procedure that this subcommittee will recommend as to Mr. Costello.

Now, we had planned for Mr. Costello to be the witness all of the afternoon, but I think we may have other witnesses that we can use.

MR. HALLEY. Yes; we have one available now, Mr. George White, of the Bureau of Narcotics, Treasury Department.

Please keep the cameras off Mr. White.

TESTIMONY OF COL. GEORGE H. WHITE, NARCOTICS AGENT, UNITED STATES TREASURY

The CHAIRMAN. Mr. White, do you solemnly swear the testimony you will give before this committee will be the whole truth and nothing but the truth, so help you God?

MR. WHITE. I do.

The CHAIRMAN. Mr. Halley.

MR. HALLEY. What is your full name?

MR. WHITE. My name is George H. White.

MR. HALLEY. And what is your occupation?

MR. WHITE. I am a supervising narcotic agent of the United States Treasury.

MR. HALLEY. For how long have you been engaged in that occupation?

MR. WHITE. Seventeen years.

MR. HALLEY. Would you state briefly your experience and qualifications?

MR. WHITE. During the 17 years of my work with the United States Treasury, including 4 years with the United States Army, I have conducted criminal investigations of violations of the Federal narcotic laws throughout the world.

The CHAIRMAN. Mr. White, let's talk a little louder. We can't hear you.

MR. WHITE. I have become acquainted with many underworld personalities in all parts of the United States, some parts of Europe and Asia.

MR. HALLEY. During the war what did you do?

MR. WHITE. I was a lieutenant colonel in charge of counterespionage training, and later operations in India and some portions of the United States.

MR. HALLEY. You were on active duty with the United States Army?

MR. WHITE. Yes, sir.

MR. HALLEY. Attached to the OSS?

MR. WHITE. Yes, sir.

The CHAIRMAN. Well, I think I should say that the committee knows, and counsel knows, and most everyone who is in criminal investigation work knows, that Col. George White is one of the best men in the game today and in the field; that he has had great experience and he has tremendous information about not only narcotics

criminal people but about gangsters and criminals in general in this country and in other countries.

Mr. HALLEY. Mr. White, in connection with your work in the Bureau of Narcotics, have you been generally familiar with the activities of Charles "Lucky" Luciano?

Mr. WHITE. Yes, sir.

Mr. HALLEY. Had you on occasion seen him?

Mr. WHITE. I have.

Mr. HALLEY. And talked to him?

Mr. WHITE. I have.

Mr. HALLEY. Now, while you were on active duty with the United States Army, did you have a conversation with a man named August Del Grazio?

Mr. WHITE. Yes, sir.

Mr. HALLEY. And was that in May of 1943?

Mr. WHITE. Yes, sir.

Mr. HALLEY. Will you tell the committee about it?

Mr. WHITE. August Del Grazio was a notorious criminal from New York, a prohibition-era gangster. He subsequently became one of the largest heroin smugglers that the United States has ever had. Del Grazio at one time went to Turkey and set up clandestine laboratories and factories there for manufacturing heroin out of opium, and sold to Americans who came to Turkey for those drugs.

Subsequently, Del Grazio was caught and convicted and did time in Germany, and was later then deported back to the United States. He, amongst his other vices, smoked opium occasionally.

On one occasion, I apprehended him in the act of smoking opium, but he was acquitted at a preliminary hearing.

In May of 1943, shortly before May of 1943, Del Grazio had come to me and said that he was again under arrest on charges of selling opium and that in this case he had been framed, or that he was the victim of mistaken identity.

Mr. HALLEY. This time you were in the Army?

Mr. WHITE. I was in the Army. I asked why he had come to me; and he said that he felt that if I knew the true circumstances, that I might be able to assist him in getting justice, since he had found that I had not distorted the facts in the case of his previous arrest.

I told him that if he were not guilty, that he should perhaps find the person who was guilty and persuade him to surrender himself.

He did that very thing; and 2 days later he walked two young hoodlums into the office of the United States Attorney in this building and they said they were the people who had sent the package, and they were later identified by the expressmen.

Mr. HALLEY. And then you got around to some conversation concerning Charlie "Lucky" Luciano? Is that right?

Mr. WHITE. Shortly thereafter, Del Grazio came to me while I was at my home in New York at the moment and said that he wanted—that he was acting as an emissary for people who were interested in Luciano, and would like to get him out of prison.

Luciano was spending a 30-year sentence for compulsory prostitution imposed in 1936. He said Luciano had many potent connections in the Italian underworld, and Luciano was one of the principal members of the Mafia.

He said that because of this membership of his, and his position in that organization, he knew many important people in Sicily. At that time, it was widely known, publicly known, that the American forces contemplated the invasion of Europe at Sicily.

He said that Luciano would be able to arrange contacts for undercover American agents in Sicily, and that therefore Sicily would be a much softer target than it might otherwise be.

He said that if we could arrange—if the Army could arrange a parole for Luciano and get him out of prison, Luciano would then go to Sicily secretly and make these arrangements.

Mr. HALLEY. Did Del Grazio inform you who had asked him to come to you?

Mr. WHITE. I asked him who had sent him to me, and he did not tell me who had sent him to me. Apparently his coming to me was his own idea.

He said, however, that he was acting on behalf of two attorneys, one whose name was George Wolf, and the other whose names was Moses Polakoff, and a man named Frank Costello, who was spearheading the movement to get Luciano out of the penitentiary.

Mr. HALLEY. What did you say to Del Grazio, and what was the further conversation?

Mr. WHITE. I told Del Grazio that it would be impossible for him, for Luciano, to be released on parole; that if Luciano had any information relative to persons in Italy who might assist the American cause, that we would be very glad to receive the information, for whatever it was worth, and that I would see that it reached the proper military authorities.

Del Grazio responded that he did not believe that Luciano would be able or willing to do anything unless he were able to be released from the penitentiary and be able to do it personally.

I never heard anything further from Del Grazio in this regard.

Mr. HALLEY. What did you next hear about the Luciano matter?

Mr. WHITE. In 1946, I believe, Luciano was paroled, and deportation to Italy was made one condition of his parole.

He was deported immediately after his release from prison, and returned to Italy.

Shortly thereafter he obtained a visa on an Italian passport, and came to Cuba by way of South America.

He remained in Cuba for a short period of time, and then, as a result of protests made by the American Government, plus an embargo placed on the exportation of medicinal narcotic drugs from the United States to Cuba, the Cuban Government arrested Luciano, and deported him back to Italy.

Mr. HALLEY. Did you ever learn how the Luciano parole was obtained?

Mr. WHITE. I have certain information about that, sir.

Apparently other persons than Del Grazio were approaching other persons in the Army or Navy, with the same proposition Del Grazio had given to me.

A man by the name of Charles R. Haffenden, a Reserve officer of the Navy, attached to Naval Intelligence in New York, had interested himself in Luciano's case. The Navy later—the Navy Department later denied that they themselves were interested in the matter. But apparently Commander Haffenden did interest himself.

Part of the basis for Luciano's eventual parole by Governor Dewey was a letter from Commander Haffenden to the Governor, in which he stated that Luciano had been of great service to the Armed Forces.

An investigation was made of that by myself and others at the time of the Cuban incident, and all of the Armed Forces, the Army and the Navy and the Marine Corps, and the OSS, all categorically denied that Luciano had furnished any information or given any services of value whatsoever.

Mr. HALLEY. Did you ever make any investigation of the events preceding the actual deportation of Luciano?

Mr. WHITE. Yes, sir. I made some inquiry into that.

The deportation was effected some time in 1946, and immediately prior to the deportation Luciano was confined in the immigration detention quarters at Ellis Island.

At that time Luciano received a number of visitors, which included Mr. Frank Costello.

It appeared that Costello had considerable interest in Mr. Luciano at that time.

On the day of the departure and deportation on the steamship *Laura Keane*, Luciano was alleged to have been accompanied aboard the ship by Frank Costello, Meyer Lansky, and Al Anastasia.

At that time it is also alleged, and I have no personal knowledge of this event because I was not there, of course—a bon voyage party was held on the ship with the persons that I have named being present.

No newspaper reporters or photographers were allowed even on the docks. They were prevented from observing the activities on board the ship by a guard, a longshoreman, who threatened the newspaper reporters and photographers with cargo hooks when they persisted in approaching the ship. They therefore did not approach.

Mr. HALLEY. Did you ever attempt to check the files of the Immigration Department to see whether an investigation had been made of a farewell party?

Mr. WHITE. No, sir; I did not.

Mr. HALLEY. Of Luciano?

Mr. WHITE. I have not.

Mr. HALLEY. You don't know whether that party has been verified or not by the immigration authorities?

Mr. WHITE. I have no information on that at all.

Mr. HALLEY. While in Cuba, Luciano operated a gambling establishment?

Mr. WHITE. Yes; he operated one and was about to open another. I think I have the name of it here, if you are interested.

In Habana, Luciano operated an establishment, a gambling establishment, on the sixth floor of the Hotel Presidente.

Mr. HALLEY. Thank you.

Mr. WHITE. It is believed that Costello has some interest, financial interest, in this hotel.

Mr. HALLEY. Well, you haven't verified that, I presume?

Mr. WHITE. No, sir.

Mr. HALLEY. Now, Mr. White, turning to another subject, in the year 1941, did you have occasion to conduct an investigation in a restaurant in New Jersey known as Duke's?

Mr. WHITE. Yes, I did.

Mr. HALLEY. Did you on that occasion arrest the people you found in that restaurant?

Mr. WHITE. I detained some of them temporarily.

Mr. HALLEY. You made that investigation and that detention in the course of a narcotics investigation?

Mr. WHITE. Yes, sir.

Mr. HALLEY. Will you explain the circumstances and state just what happened and then tell the committee whom you found and under what circumstances?

Mr. WHITE. About in the early part of 1941, in the wintertime, I believe, we had raided a laboratory, a clandestine laboratory, which was manufacturing narcotic drugs in the town of Moonachie, N. J. We had arrested some extremely important narcotic violators, including a man named Sam Bernstein, another man named Nathan Horowitz, alias Hockie, both of whom were outstanding international traffickers.

They maintained a very elaborate set-up there, although their drugs were distributed in the New York area.

Sometime later, and before the case went to trial, I learned that attempts were being made to influence certain police office of the city of Moonachie, who had accompanied us on this raid, to give testimony which would probably make our case invalid. Upon learning that this was the case, with other officers I went to Moonachie and after interrogating the police and the chief of police there, I finally learned they had been asked to do this service by the chief of police of Little Ferry, N. J. I went to the chief of police of Little Ferry, N. J., and he told me that he had been asked to do this service for a man by the name of William Moretti, also known as Willie Moore.

Shortly thereafter, I think the next night, I went to Duke's Bar and Grill in Palisades, N. J., at about 8 o'clock in the evening, and there found a number of persons, including Willie Moore, whom I detained and interrogated, at that time.

Mr. HALLEY. Who was with Willie Moore?

Mr. WHITE. His brother, Salvatore Moretti, and a man known to him as Luchese.

Mr. HALLEY. Known as Three-Fingered Brown?

Mr. WHITE. That's right.

Mr. HALLEY. Were they in a party together?

Mr. WHITE. They were in a conference together. There were many persons in the restaurant, which then was one of the finest in the New York area. Most of these persons we questioned as to their identity and later released. Moretti was brought to New York for further questioning and admitted attempting to influence the attitude of the police officers of Moonachie through the chief of police of Little Ferry, and stated that he now realized he had made a mistake and that he would instruct the defendants, who had appealed to him, to go back to the Federal court in New Jersey and plead guilty.

Indictments had been voted and various motions for suppression of the evidence were in order, but the defendants did walk into the court the following week and enter pleas of guilty and were sentenced.

Mr. HALLEY. There are no further questions, Mr. Chairman.

The CHAIRMAN. Does Senator Tobey have any questions?

Senator TOBEY. No.

The CHAIRMAN. Mr. White, is it your opinion, also, that a compulsory penalty for confinement after the first narcotics violation would be helpful to wipe out the narcotics trade in this country?

Mr. WHITE. I can think of nothing that would be more effective toward that end.

The CHAIRMAN. You think that would be very helpful?

Mr. WHITE. I do, sir.

The CHAIRMAN. What other recommendations do you have? You are a man of great experience. I believe you even went to Turkey on one occasion to see if you couldn't prevail upon the Turkish Government to destroy the sources of some of the manufacturing places of morphine or heroin; didn't you?

Mr. WHITE. I did assist the Turkish authorities in apprehending the group of smugglers; yes, sir.

The CHAIRMAN. What other recommendation would you make for the benefit of this committee?

Mr. WHITE. I believe that the forces available to handle narcotic law violations are too small. The Narcotic Bureau has today less than 200 agents scattered throughout the United States—and the world, for that matter—and it is simply impossible to stop or even make a dent, a serious dent, in the flood of narcotics with such a small force.

I think that the various cities and States should be encouraged to form the narcotic squads of their own, such as they have here in New York and Chicago and in Los Angeles and in some other cities. I think that those squads should be implemented so that the communities themselves can share part of the burden of the narcotic law enforcement.

I think that judges, both Federal and State, throughout the Nation should take a most severe view of a narcotic law violator upon his conviction and, except in very rare cases, inflict a heavy prison penalty for anyone caught selling drugs. Certainly, after the first offense, the second conviction should call for a heavy prison sentence.

The CHAIRMAN. Well, Mr. White, I believe that the number of agents you have now in the Narcotics Bureau is less than you had in 1930; isn't that correct?

Mr. WHITE. That is correct, Senator.

The CHAIRMAN. And what do you think can be done about cleaning up some of these sources abroad? Are you familiar with the work that is being done in the United Nations in that regard?

Mr. WHITE. Yes, sir; the Commissioner of Narcotics, Mr. Harry Anslinger, is the American representative to the United Nations with respect to narcotic drugs. That body, which is the successor of the League of Nations—the narcotic control unit—has made definite progress in drying up the sources of supply of narcotics, and ultimately, that is the only way that drugs will be completely suppressed.

However, today we now have synthetic drugs of various kinds; so that presumably—within possibility—even if all the poppy fields in the world were completely destroyed, unscrupulous persons could manufacture synthetic drugs, habit-forming drugs, in clandestine laboratories which might still create such a problem.

The CHAIRMAN. Have you noticed or observed any increase in the use of narcotics by children, school children, Mr. White?

Mr. WHITE. Yes. In my very close observation and personal experience, I might say that I do not believe I personally ever encountered a so-called teen-age drug addict prior to the war. I presume that there were some, but they just never happened to come to my attention, although I have worked in most of the major cities of the United States up to that time.

Since the war, however, the teen-age addicts are commonplace, and it is very difficult for me to understand why the teen-agers themselves are now using drugs. But, of course, I am not a sociologist; but there is a very decided increase in the use of drugs by youngsters.

The CHAIRMAN. Well, have you not found that some of these narcotics peddlers sell drugs to teen-agers in order to try to make customers out of them, to get them to be addicts, so that they can ply their trade further with them?

Mr. WHITE. No; I don't believe that to be the rule. There are, without doubt, cases of that kind. But the narcotics business is generally a sellers' market, and they generally have more customers than they have drugs available. And it is not necessary to create addicts. The addicts create themselves, and make their own contacts with the peddlers, for the most part.

Senator TOBEY. George, what was Luciano convicted of?

Mr. WHITE. Compulsory prostitution.

Senator TOBEY. For what?

Mr. WHITE. Compulsory prostitution.

Senator TOBEY. What sentence was he given?

Mr. WHITE. Fifty years.

Senator TOBEY. And was he pardoned?

Mr. WHITE. After 10 years——

Senator TOBEY. Pardoned after 10 years?

Mr. WHITE. He was not pardoned. He was paroled.

Senator TOBEY. He was paroled on a condition that he leave the country?

Mr. WHITE. Yes, sir.

The CHAIRMAN. All right. Are there any other questions of Mr. White?

Mr. HALLEY. No others from Mr. White.

The CHAIRMAN. Thank you, Mr. White.

Now Mr. Halley has a statement he wishes to make about some testimony that has been taken in executive session that fits in with what Mr. White testified about.

Mr. HALLEY. There has been considerable interest evidenced as to whether or not the committee had verified statements which appeared in the press at the time of Luciano's deportation, to the effect that stevedores had forcibly kept newspaper reporters off the boat on which Luciano was deported, and also to the effect that there was a farewell party on the boat.

The committee diligently searched the official files of the various agencies responsible for the deportation and found the following, which I will read into the record:

The various guards who had Luciano under their scrutiny on board the *Laura Keane* until sailing time were all interrogated following the newspaper publicity, in which it was alleged that Luciano was sumptuously dined and liquored by his friends aboard the ship, including among them a friend called Anastasia, who had been convicted of murder; and each of these guards denied that Luciano had received any such visits or that he had indulged in any banquets or intoxi-

cants. All the guards in question have submitted written reports, copies of which are herewith enclosed. It will be seen therefrom that each of Luciano's meals were eaten in the regular mess hall of the ship, which is of small dimensions.

The committee, however, sitting in executive session, on Monday, with Senator Tobey, Senator O'Connor, and Senator Kefauver present, heard testimony from the witness whom I believe the members of the committee, and certainly his counsel, considered eminently credible. He described as an eye witness that stevedores had created a picket line across the dock of the *Laura Keane* when Luciano sailed.

He testified that these stevedores did not have hooks in evidence, but that there was a line of burly, strong men who kept any newspaper reporters or anyone else from entering the dock.

He said that one reporter was forcibly ejected by two stevedores.

He said that that night, baskets of lobsters, spaghetti, liquors, and wines were brought aboard the boat; that a group of men carrying stevedores' passes appeared on the boat; that these men were obviously not stevedores. They were well-dressed men with expensive jewelry. And that there was a banquet that night from which the guards, the ship's crew, and everybody was excluded. They were told to run along and mind their business.

The evidence was very detailed, given in a manner that left no doubt that it was honest.

I think that sums it up, does it not, Senator Tobey?

Senator TOBEY. Very well, indeed.

Mr. HALLEY. It is obvious that the man who gave the testimony must be protected, and for that reason the committee cannot divulge anything about him.

The CHAIRMAN. The committee will have a 5-minute recess at this time.

(A short recess was taken.)

The CHAIRMAN. The committee will come to order.

We will have time for one short witness, Mr. Halley. Whom do you want to call?

Mr. HALLEY. We will call Mr. Haffenden.

The CHAIRMAN. Mr. Haffenden, will you come around.

Mr. Haffenden, do you solemnly swear that the testimony you will give to the committee will be the whole truth, so help you God?

Mr. HAFFENDEN. I do.

The CHAIRMAN. Proceed, Mr. Halley.

TESTIMONY OF CHARLES R. HAFFENDEN, NEW YORK, N. Y.

The CHAIRMAN. Mr. Haffenden, what is your full name?

Mr. HAFFENDEN. Charles Radcliff Haffenden.

Mr. HALLEY. What is your occupation?

Mr. HAFFENDEN. What is my occupation?

Mr. HALLEY. Yes.

Mr. HAFFENDEN. I am a retired naval officer. I retired in 1946.

Mr. HALLEY. Did you serve in the United States Navy during the war?

Mr. HAFFENDEN. Yes.

Mr. HALLEY. And subsequently did you hold a post in the New York City government?

Mr. HAFFENDEN. Yes, I did; commissioner of marine and aviation.

Mr. HALLEY. Commissioner of marine and aviation?

Mr. HAFFENDEN. That's right.

Mr. HALLEY. And you were appointed to that post by Mayor O'Dwyer.

Mr. HAFFENDEN. O'Dwyer.

Mr. HALLEY. During what years did you serve?

Mr. HAFFENDEN. I didn't serve but 5—6 months. The mayor and I didn't agree very well.

Mr. HALLEY. The mayor asked you to step out?

Mr. HAFFENDEN. He fired me. I never resigned.

Mr. HALLEY. Can you tell the committee everything you know about the events which led to the parole of Charles Luciano?

Mr. HAFFENDEN. Well, I know very little about the parole, or how it was instigated, or where it started; it is really a difficult question, and nearly impossible for me to answer it; put it that way.

I can tell you how Luciano came into my jurisdiction as an informant; is that what you mean?

Mr. HALLEY. Tell me whatever you can about the matter.

Mr. HAFFENDEN. Well, I had headed an investigation in the Third Naval District from, I would say, 1941 or 1940, it might have been, and some time during 1942, as I recall, Murray Gurfein, who was then, or had been—whether he is still connected, I am not sure—with the district attorney's office in some form, assistant district attorney—he came to me and had breakfast with me one morning, and suggested that an informant from the water front would be desirable; and an informant—to put it in plainer words—probably from the underworld, would be desirable.

As we were at war with Germany, and the ally of Germany was Italy, and that much of our water-front activities were dominated by Italians, so it sounded logical, and he went back to his office, and I told my commanding officer, Capt. Roscoe McPhall, of the offer, something; not a definite offer, because he didn't have the authority to offer, but a suggestion.

And we had in our office a young assistant district attorney who had been—O'Malley. And Captain McPhall thought that O'Malley ought to go to see District Attorney Hogan.

Now, this is the order, as I remember it. It is a long time ago.

We went up and saw Mr. Hogan, and apparently got an affirmative that it was a good idea, it could be done.

He came back, and then I believe—I am quoting the press or not—but the press said that he and Captain McPhall went to see Mr. Hogan. As I recall it, I went up with Captain McPhall, and saw Mr. Hogan. And, a little more, it was affirmative; it could be done.

Mr. HALLEY. At this point there was no talk about Luciano, was there?

Mr. HAFFENDEN. No; no name had been mentioned as to who or what we would get from the source that Mr. Hogan had in mind. He didn't mention any name.

Mr. HALLEY. Mr. Hogan or Mr. Gurfein?

Mr. HAFFENDEN. Well, we had reached Hogan by now. Gurfein was only the intermediary during the early stages of it, stepped back out, when the informants were made available to us, he actually intro-

duced me for the first time to an attorney, Moses Polakoff, who was the attorney, supposed to be the contact to Luciano.

Mr. HALLEY. Who introduced you?

Mr. HAFFENDEN. Gurfein.

Mr. HALLEY. Gurfein did?

Mr. HAFFENDEN. Yes; and that was, I believe, up in the district attorney's office, as I recall it.

Mr. HALLEY. Now, at the time that this information was offered to you, was there any talk about a deal for parole?

Mr. HAFFENDEN. Oh, no. There never was any talk about anything that we would trade, or anything like that. There was never any indication of it at all from Murray Gurfein or from Polakoff.

Mr. HALLEY. What happened next?

Mr. HAFFENDEN. Next? We now have—we now find out—at that time we found out who it was, it was Luciano that would be the medium that Polakoff would be representing. He must have taken the matter up with Mr. Hogan to some degree, because arrangements were made, and I didn't make them, to move Luciano from Dannemora Prison to Meadows Prison, for the reason that it was difficult for them to get to him and talk to him in the other first-mentioned prison.

So that was done. He was moved, so that they could go from New York and take messages to him, or ask for information, put it that way.

Mr. HALLEY. Who made that request?

Mr. HAFFENDEN. Apparently Moses Polakoff. I did not make it.

Mr. HALLEY. Did you transmit it?

Mr. HAFFENDEN. No, I had nothing to do with it. It took place. How it was done, I don't know. I think Mr. Hogan probably very willingly can answer that, because he knows the story pretty well, too.

Mr. HALLEY. Then what happened?

Mr. HAFFENDEN. Then, about the same time—I should go back a little—at the same time that Moses Polakoff came into it, another attorney whose name I don't know, and he represented Lanza, and——

Mr. HALLEY. Socks Lanza?

Mr. HAFFENDEN. Socks Lanza.

Mr. HALLEY. He was rather a notorious waterfront racketeer?

Mr. HAFFENDEN. I don't know whether he was a notorious waterfront racketeer at the time, but the thing was, he was on parole—no, no, he was indicted and hadn't been put in jail yet. What is that?

Mr. HALLEY. Well, he was not yet tried, or had he been convicted?

Mr. HAFFENDEN. Well, I don't know exactly, but at any rate he was still loose.

Mr. HALLEY. He was awaiting trial?

Mr. HAFFENDEN. I don't think that was it. He had had a trial but was——

Mr. HALLEY. Awaiting sentence?

Mr. HAFFENDEN. Sentence, probably.

Mr. HALLEY. Is this the case in which he was to come up before Judge McCook?

Mr. HAFFENDEN. Yes, I guess that is it. At any rate, he was loose but still available and he represented, I don't know the name, but it would be stevedores that handle fish, that fishery group, handling all over the markets, and that he was to be a medium of contact, too; he was the second informant I was given.

Mr. HALLEY. In other words, at this point you had both Luciano and Lanza who were going to give information, in return for leniency?

Mr. HAFFENDEN. No, there was no mention of leniency.

Mr. HALLEY. There was no mention of leniency at all?

Mr. HAFFENDEN. There was never any trade on that side of it.

Mr. HALLEY. Didn't Lanza himself request you to intercede with Judge McCook?

Mr. HAFFENDEN. No, Lanza didn't. I think that came from—I went up there with Gurfein and answered questions to the judge in private, in his chambers.

Mr. HALLEY. About Lanza?

Mr. HAFFENDEN. About Lanza. I think that is the only time I ever did go up there.

Mr. HALLEY. How did you happen to get there if Lanza didn't offer to trade the information against the leniency?

Mr. HAFFENDEN. Gurfein took me up.

Mr. HALLEY. You mean Gurfein asked you to go?

Mr. HAFFENDEN. Yes, Gurfein. I went up with him.

Mr. HALLEY. Who was Gurfein then representing, the city of New York or Lanza?

Mr. HAFFENDEN. I don't know. He was still in civilian clothes; he hadn't gotten his commission yet.

Mr. HALLEY. He was still down in the district attorney's office?

Mr. HAFFENDEN. I would think so.

Mr. HALLEY. I am trying to refresh your recollection on this because my understanding—which is quite fallible because I wasn't there—was that Lanza had asked you to intercede for him with Judge McCook and that is why you went to see Judge McCook with Mr. Gurfein.

Mr. HAFFENDEN. Well, I don't know. I don't recall his ever interceding and asking me to go to the front for him in that respect.

Mr. HALLEY. In any event, when you did go to see Judge McCook, what did you go for?

Mr. HAFFENDEN. To just tell him what these men had done.

Mr. HALLEY. Both men, or just Lanza?

Mr. HAFFENDEN. I believe we talked about both of them; I don't recall. We just told of offering their services and what had transpired in a period of months—I don't know how long a time even had transpired. It must have been quite some time because, as I recall correctly, these two men were available to me for fully a year.

Mr. HALLEY. It was after the year that you went to see Judge McCook?

Mr. HAFFENDEN. No. Well, I don't know because I went to the Pacific in the end of '33.

Mr. HALLEY. '43?

Mr. HAFFENDEN. '43, I beg your pardon. So it must have been shortly before that, because I think—I don't know. I really don't know when the dates were, but I went to see Judge McCook.

Mr. HALLEY. To tell him what Lanza had done?

Mr. HAFFENDEN. Yes.

Mr. HALLEY. And you don't think it was at the request of either Lanza or the attorney for Lanza?

Mr. HAFFENDEN. I know it wasn't for the attorney for Lanza, and I am quite sure, because I don't think I saw that man a second time after the first time I met him.

Mr. HALLEY. Had you known Lanza personally?

Mr. HAFFENDEN. I saw him quite a lot. He came to the office innumerable times.

Mr. HALLEY. Then it is possible that he did ask you to talk to Judge McCook?

Mr. HAFFENDEN. It is possible; I don't recall. There was no trade that I would do anything for him.

Mr. HALLEY. Had you known either Luciano or Lanza before 1942?

Mr. HAFFENDEN. No; I have never seen Lanza in my life until he was brought to me, and to this day I have never seen Luciano and never talked to Luciano.

Mr. HALLEY. Who brought Luciano to you—I mean Lanza? You have told us about Luciano.

Mr. HAFFENDEN. That came through the same channels, through Gurfein.

Mr. HALLEY. Through Gurfein?

Mr. HAFFENDEN. Exactly the same way. It was the other informant.

Mr. HALLEY. Now, over the period of almost 8 years you did receive information from various people; is that right?

Mr. HAFFENDEN. We usually would have to tell them what we were looking for. I mean by that: Naval Intelligence is a preventive agency more than a convicting agency. I would term it that way. We want to prevent things from happening rather than halt them afterward.

Mr. HALLEY. What were you working on—counter-sabotage?

Mr. HAFFENDEN. Working on counter-sabotage; we wanted to prevent anything from happening before it happened. We want to stop it from happening.

Mr. HALLEY. That had to do with the New York waterfront and not with Sicily?

Mr. HAFFENDEN. The New York waterfront.

Mr. HALLEY. You weren't getting information about Sicily?

Mr. HAFFENDEN. No. The thing was: If these men, the underworld characters, knew of anything that was subversive to please tell us about it and stop it in its tracks.

Mr. HALLEY. Did you evaluate the information you got from them?

Mr. HAFFENDEN. You see, I don't evaluate. I accumulate.

Mr. HALLEY. You just accumulate and hand it on?

Mr. HAFFENDEN. It is a mosaic of a thousand different things brought in and all put together into one thing, and that's the evaluation department, and that's my end of it.

Mr. HALLEY. You never formed any judgment on how valuable the information was?

Mr. HAFFENDEN. You couldn't help but watch some of it go through and see that some would be more useful than others. It would obviously appear so.

Was it useful? It's hard to say. It's just like information pouring across your desk. I had 146 investigators under my jurisdiction at the time, and things that would be probably a little more interesting than normal, they might call my attention at the time and say, "Did

you notice this? Did you notice that?" Otherwise, it just poured in from people sent to me through my informants.

Mr. HALLEY. Would it be fair to say, then—and if it is not, just correct me—that as a result of the information supplied by Luciano you received a great deal of routine information which was part of the day-to-day information you were receiving about the New York water front?

Mr. HEFFENDEN. You used "a great deal." There was a volume of material. Its value I couldn't evaluate, to save my neck. No one else could; but it came in upon request.

Mr. HALLEY. Now, in addition to the information about the New York water front, was there any information about Sicily received through Luciano directly or indirectly that, that you know about?

Mr. HEFFENDEN. Yes. Toward the end of the war, toward the end of my tour of duty here. I was asking for Pacific duty, and I know this couldn't have been more than about 2 months before I left. We had set up a new department known as the F department and had gone far afield in gathering information of a foreign nature. That's how it got that name. And we were seeking information on any probable target ahead of our Armed Forces. So that our maps were voluminous. We took information from thousands of sources, and we even advertised in the paper for information regarding certain places. Did they have pictures or anything of that kind.

We went quite far in accumulating this information, and apparently it was of value, particularly picture information. So that I went through this channel that I have referred to, in calling them our informants. They went by numbers entirely. There were no names. And I asked for any information regarding the Sicilian front, which was not a front at that time, but asked for any information that anyone could give us about Sicily.

Mr. HALLEY. This was after the Sicilian invasion?

Mr. HAFFENDEN. No, no. Before the invasion was done, long before.

Mr. HALLEY. When did you go to the Pacific, in what year?

Mr. HAFFENDEN. I went to the Pacific in the latter part of 1944. I was sent back from Iwo Jima. That was when they took—when I lost my stomach—so you can figure it out.

Mr. HALLEY. So that it would be before Sicily?

Mr. HAFFENDEN. Yes.

Mr. HALLEY. And you did get some information about Sicily?

Mr. HAFFENDEN. We got this type of information: men who lived there, men who knew the terrain, men who knew the nomenclature, who knew the depths of the forests, the size of the trees—evaluated that up to the time the landing would take place.

Mr. HALLEY. Let me ask you this: Did you get any information that the armed services of the United States could not get without making a deal with Lucky Luciano?

Mr. HAFFENDEN. Oh, I don't know that. That is something true of any investigative group. You never know where the fragment of evidence is coming from that will be of use to you.

Mr. HALLEY. You speak of pieces of information or fragments of evidence. Was there any outstanding thing that Luciano—

Mr. HAFFENDEN. We didn't catch a spy, or anything like that. We gather information. The nature of our activity is not that of prov-

ing up any one operation as accomplished. It is so true of our work. We can't do it. It goes on from us.

You see, whatever we would get in would go to Washington, go to the Bureau. If it was Army information, to the Army; to the FBI, if it was FBI information. Whatever information we gathered was distributed that way. If it was distinctly naval, it stayed in the Naval Establishment.

What would be the result of a piece of information we sent to the FBI, we would never know.

Mr. HALLEY. Then there was no celebrated case——

Mr. HAFFENDEN. No.

Mr. HALLEY. No major job?

Mr. HAFFENDEN. No, no.

Mr. HALLEY. On which Luciano made a contribution?

Mr. HAFFENDEN. No; no celebrated case or major job; simply that he kept the flow of this information coming.

Mr. HALLEY. Was there any reason for thinking that the flow of information could not be kept going without Luciano?

Mr. HAFFENDEN. There may have been other ways of getting it, it is possible; yes. There are always other ways.

Mr. HALLEY. Did a time come that you were asked to make a statement concerning the services of Luciano in connection with his parole?

Mr. HAFFENDEN. Yes. I came back from the Pacific, and I was in the Brooklyn Navy Yard, and a few days after they cut me up and finished up taking my stomach out. Mr. Polakoff came to me and said he had a letter from Mr. Breitel, Charles Breitel—I think that is correct. I don't know the man. I never met him. But he is the attorney, if I recall, for Governor Dewey—and it asked this question: "Was Luciano of any value?"

I answered that letter in a personal letter to him—not on an official letterhead—as the press sometimes said—but on my own personal stationery, in the hospital, and said, "Yes, he had been of value."

Mr. HALLEY. Did you say he had been of great value?

Mr. HAFFENDEN. Well, apparently that is what they have told me, the word "great," I must have overevaluated it in that sense. But I put it in a cursory way. You probably have the letter, haven't you?

Mr. HALLEY. Who urged you, if anybody, to be enthusiastic in your evaluation of his services?

Mr. HAFFENDEN. I think Mr. Polakoff was there.

Mr. HALLEY. You were trying to be a good guy?

Mr. HAFFENDEN. Trying, probably. Put it that way. They had done work for me in their form for a year. I was back from the Pacific. I wasn't feeling any too hot. And I was glad to say, "Yes; they did a good job." And I used the word "great," which was probably overevaluating it, to be frank.

Mr. HALLEY. In what year did you make that evaluation; do you remember?

Mr. HAFFENDEN. Well, that must have been 1945, I guess. Wasn't it? Yes; 1945. The latter part of 1945.

Mr. HALLEY. Did Frank Costello ever talk to you about the Luciano matter at all?

Mr. HAFFENDEN. No. So far as I know, I never met Costello. I have never met him in my life. I only know him, unless by pictures.

Mr. HALLEY. Do you know Meyer Lansky?

Mr. HAFFENDEN. Yes; I do know Meyer Lansky. I met Meyer Lansky once, to my knowledge.

Mr. HALLEY. When and where was that?

Mr. HAFFENDEN. I met him at, September a year ago, I think it was. Moe Polakoff's daughter was married, and I met him at the wedding. That's how, I mean, I knew who I was talking to.

Mr. HALLEY. And Lansky never talked to you about the Luciano parole, or any of the Luciano matters?

Mr. HAFFENDEN. No. When I met him, it was after he had already been paroled.

Mr. HALLEY. It was all over?

Mr. HAFFENDEN. All over.

Mr. HALLEY. Would you say that the Government had been hornswoggled in that deal by Luciano; had the Government gotten value for releasing Luciano from prison after what apparently must have been considered by the judge a very keen, resulted in a very substantial sentence?

Mr. HAFFENDEN. I don't think he was released on that letter I wrote.

Mr. HALLEY. Do you know of any other evidence that might have warranted the release, besides your letter?

Mr. HAFFENDEN. No, no. I don't know of any.

Mr. HALLEY. But you wouldn't feel that your own experience with the matter would give you the belief that Luciano should have been paroled?

Mr. HAFFENDEN. Well, I don't think I evaluated his parole. I took it for granted it came through the Governor's office. I heard it, and I don't think I had any thoughts on the matter. I didn't even think about it.

In fact, if you think about the question of when I came back, I was on my back for 2 months while this talk of parole was coming up. I didn't even hear about it out in the Pacific. I didn't know anything about it.

Mr. HALLEY. You just wrote a letter?

Mr. HAFFENDEN. I wrote the letter when I got back. I hadn't been back in the city here, on the grounds, flown back in a stretcher; I hadn't been back here 2 weeks, I think, when I wrote that letter.

Mr. HALLEY. How did you happen to be appointed commissioner of marine and aviation?

Mr. HAFFENDEN. Well, I think that some of the Democrats in town would like that question answered. I don't know myself.

Mr. HALLEY. What happened; what were the events leading to the appointment?

Mr. HAFFENDEN. I live on a street near where Jim Roe lives, and Jim Roe is the Democratic leader of Queens County. And he and I have been friends for, well, many, many years. I am very fond of him. My children play together, raised together, and so on.

I came back, and Jim—in fact, I will tell you the real story.

He said, "Red, I would like you to be commissioner of marine and aviation if O'Dwyer gets in."

I said, "What's that?"

So I went up to his office one day, he went through the press, and said, "Well, it pays \$10,000 a year. This is what it is."

He showed it to me on the list.

I said, "All right, it sounds like up my alley; marine and aviation."
So that's all I know about it.

The next thing I knew I was a commissioner. The next thing I knew I was in a fight with the mayor. And the next thing I knew I was fired.

Mr. HALLEY. Did you know the mayor before the war?

Mr. HAFFENDEN. No. I never met him, not even before his election. I didn't even go to his election party; I went to sleep.

Mr. HALLEY. Did you know Frank Quayle?

Mr. HAFFENDEN. No; I didn't know Quayle. Quayle was a friend of a friend of mine, and I probably might have met him years ago. He was a friend of Carroll Little. And I might have met him. But I don't recall, though. No friend of mine.

Mr. HALLEY. Did you know Joe Adonis?

Mr. HAFFENDEN. No; I don't believe I have ever met or seen Joe Adonis.

Mr. HALLEY. You never met him?

Mr. HAFFENDEN. To my knowledge, no.

Mr. HALLEY. Had you been in the trucking business before the war?

Mr. HAFFENDEN. Oh, no.

Mr. HALLEY. What business had you been in?

Mr. HAFFENDEN. I was for 15 years, or the greater part of that, I was coordinator of the Executives Association of Greater New York and their offices were in the Biltmore Hotel. Then we moved from the Biltmore over to the Astor.

Mr. HALLEY. What were your qualifications for the job of commissioner of marine and aviation?

Mr. HAFFENDEN. Well, I have got 30 years of Navy behind me. I think I did the job a whole lot better than anybody else they have had—that is personal, my own opinion.

Mr. HALLEY. Well, the job is a very difficult one involving very difficult labor problems and docking problems, does it not?

Mr. HAFFENDEN. Well, they are all civil-service labor. You don't have any labor problems, or shouldn't have any, with civil service.

Mr. HALLEY. I mean with dealing with the labor unions of the docks.

Mr. HAFFENDEN. No, no, you have nothing whatever to do with that. You shouldn't, not as a commissioner of marine and aviation. You shouldn't have anything to do with docks in that respect. Construction of the docks, building of the docks, and that is a naval officer's job anyhow. Maintenance of the docks, leasing of the docks, yes.

Mr. HALLEY. But nothing to do with their operation?

Mr. HAFFENDEN. Nothing to do with that phase of the operation. The phase of the operation of building or repairing them; yes.

Mr. HALLEY. Well, in leasing them you would have to do something, wouldn't you?

Mr. HAFFENDEN. You maintain them under certain leases; some leases the tenants maintained them.

Mr. HALLEY. Now, you say you had been a naval officer for 30 years.

Mr. HAFFENDEN. Intermittently, pretty near.

Mr. HALLEY. And you were coordinator of the executives association for 15 years. You are not quite that old; you look a lot younger.

Mr. HAFFENDEN. Well, I am not as young as I look. Thank you.

I was a naval officer, and I was in the reserves and active—I was in the First World War, served for quite some time there and I have stayed active, on the Active Reserve list. I have been inactive in intelligence for nearly 10 years before I went to the Pacific.

Mr. HALLEY. Well, weren't you actually removed from office as a result of charges brought against you by the commissioner of investigation?

Mr. HAFFENDEN. No, no, not against me; no charges were brought against me.

Mr. HALLEY. Well, didn't the department of investigation make an investigation into irregularities in the award of a permit for a pier on the North River?

Mr. HAFFENDEN. No irregularities in the making of an award of a pier. The award was made to a great steamship line. It had to be made to steamship lines. But the irregularity came about, and it is when I canceled the lease, when the steamship line proceeded to sublet it, or whatever you want to call it, put it in the hands of a stevedoring company.

The first inference I had of it was when they put a sign up on it within 30 days after they had gotten it, and I called in at that time the owners of the dock, which would be this Greek line. There were three small companies, all with ship lend-lease, and told them that looking into that, the company that had the lease would have to relinquish it and turn it over to one of the other companies. One company was an American company and the other two were foreign, and I said, "If this thing is going to be canceled, I would rather have it in the American company, where we have some control over the situation."

That lease was changed 30 days after they had signed the lease. The sign of the stevedore company came down.

The next thing I knew about it, was another 30 days or 60 days, that one of my clerks or subordinates was accused of receiving a gift from a stevedore company, and that is when I went over to see Murtagh. He called me over and showed me this silver service that had been found in this man's attic. He asked me what I thought about it.

Well, I said he had nothing whatever to do with the giving of that dock away. It had been advertised, advertised extensively. No one wanted it. It was a one-sided dock, with one side you could walk on and not the other, and the Greeks were the only ones wanted it, the only ones that tried for it.

I said that whether he had anything to do with that company, whether he felt that he had accomplished the leasing to them, I don't know, or whether they thought it, but they gave him the silver service, at any rate, and my prerogative, of course, in those conditions, is to fire the man.

Well, I brought him back and I didn't like exactly the way Murtagh had handled the case. Don't forget, I had been in intelligence, and the case had been very badly handled in this respect, that they found it in the attic: they came down there with permission of this man to go in his house—I am not mentioning his name, because, if you don't mind, I would rather not mention it, it is his business, not mine.

Mr. HALLEY. It is not particularly relevant to the committee's investigation.

Mr. HAFFENDEN. Well, at any rate, he went up to see O'Dwyer as the next thing, within days I was fired.

Mr. HALLEY. You were asked to resign, or you were fired?

Mr. HAFFENDEN. I was asked to resign. Well, I wouldn't resign.

Mr. HALLEY. They fired you?

Mr. HAFFENDEN. I was fired, in plain English. I am very proud of that fact.

Mr. HALLEY. Now, just to get your conclusion on the Luciano matter, on the basis of what you knew as direct contribution by Charles Luciano, would you now or at any other time in the past have personally recommended the parole of Luciano?

Mr. HAFFENDEN. Now, to evaluate parole, I don't know whether I would have evaluated it that he warranted a parole. The man was available, and information came from him. That's all I would say. Now, as to whether it warranted a parole, that is not my prerogative, that is a governor's prerogative.

Mr. HALLEY. And you never decided whether it warranted a parole?

Mr. HAFFENDEN. I never decided one way or the other; I wasn't interested in it. I didn't even know about it, as I told you. I came back here from the Pacific and didn't even know it was even pending.

Mr. HALLEY. And you never even evaluated the information?

Mr. HAFFENDEN. Well, I couldn't. It went from my hands to the hands of hundreds of others.

Mr. HALLEY. Thank you. I have no further questions, Mr. Chairman.

The CHAIRMAN. Well, sir, how could Luciano, being in prison, get you any information?

Mr. HAFFENDEN. Well, that was the form of communication. They would go up to prison by permission. That was something out of my hands, too.

The CHAIRMAN. You mean people would go up to talk with him?

Mr. HAFFENDEN. Yes. Mr. Polacoff, the attorney that was the liaison, would get permission, and Lanza and he apparently—I don't know who went up. In fact, I didn't arrange it. I had nothing to do with arranging people going to prison. That was done by Mr. Hogan's office, if by anybody at all.

Mr. HALLEY. It appeared in our executive testimony that Polacoff and Lanza made many trips up there. You don't know about that?

Mr. HAFFENDEN. I don't know who arranged them, and it was an accumulation of information they took with them. I don't know.

The CHAIRMAN. All right, that is all. Thank you.

Mr. HAFFENDEN. Oh, Senator, I would like to put this on the record very clearly. Whatever statements I made, I think all my statements I have made here are clear and concise, are my statements, not a reflection in any way of Navy Department, I mean the Bureau. You understand my reasoning on that, which is clear.

The CHAIRMAN. Yes; we understand. You are acting in a private capacity entirely.

Mr. HAFFENDEN. Well, I mean, what I am saying here is a private citizen speaking, not as a representative of the Department.

Mr. HALLEY. When you wrote your letter on the parole, you also wrote as a private citizen?

Mr. HAFFENDEN. Yes.

The CHAIRMAN. It was not a letter from the Navy Department?

Mr. HAFFENDEN. No; it was not written as a naval officer. I haven't even got the letter myself. You must have it.

The CHAIRMAN. Well, you weren't actively in the Navy at the time; you were in the Reserves, weren't you?

Mr. HAFFENDEN. Well, I was in the hospital. Yes, sir; I was wounded, I was getting paid still.

The CHAIRMAN. But you had been retired from active service?

Mr. HAFFENDEN. No, sir, no. I wasn't retired until nearly a year later, when I was eventually retired a 100 percent.

The CHAIRMAN. But it wasn't an official Navy letter?

Mr. HAFFENDEN. No, sir; it was not an official communication of the Department.

The CHAIRMAN. All right, that's all. Thank you, sir.

The committee will stand in recess until 9:30 in the morning.

(Thereupon, at 5:45 p. m., the hearing was recessed until 9:30 a. m., March 16, 1951.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

FRIDAY, MARCH 16, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

The committee met, pursuant to recess, at 9:30 a. m., in room 318, United States Courthouse, Foley Square, New York City, N. Y., Senator Estes Kefauver (chairman).

Present: Senators Kefauver and Tobey.

Also present: Rudolph Halley, chief counsel, James Walsh, Alfred Klein, Joseph Nellis, David Shivitz, Reuben Lazarus, Louis Yavner, and Arnold L. Fein, counsel.

The CHAIRMAN. The committee will come to order.

Is there anyone in the hearing room whose name has been brought out in testimony who wants to have an opportunity of making any explanation about the matter in connection with which their name has been mentioned?

If not, I have two telegrams that I think should be read into the record:

One is a telegram:

NEW YORK, March 15, 1951.

To the Chairman of the Committee:

Please be advised that the testimony given before your committee today concerning the Presidente Hotel in Habana, Cuba, is untrue. The hotel was never used by Luciano for gambling purposes and he never had any interest in the hotel. In justice to the owners of the hotel I ask you to please make this telegram part of the record of your proceedings and to state this publicly.

WARREN SMADBECK,
President, Presidente Corp.

We are very glad to make this telegram a part of the record.
Another telegram dated March 15, 1951, to the chairman:

DEAR ESTES: In view of your offer to give to anyone whose name is mentioned in testimony before your committee an opportunity to answer I respectfully ask that you read this telegram into the record at an open hearing before the same forum at which Mrs. Virginia Hill Hauser made charges concerning me. She said "Only Lee Mortimer had me there in Italy with Luciano." Please refer to page 202 of Chicago Confidential published in February 1950, where the correct quotation reads: "She went to Europe ostensibly to see Lucky and ask him to spare the life of her boy friend." We did not say she did see him or was in Italy. She also stated I printed her picture along with a story to the effect that she was in Europe last year, whereas she was actually in the United States. I never originated such a story. It was carried by a wire service. My story about her then and any mentions of her now in Washington Confidential are completely factual. I ask that you read this into the record

in order to clear up these serious charges which reflect upon my professional ability and conduct as a newspaperman and reporter.

Best regards.

LEE MORTIMER.

The CHAIRMAN. Mr. Halley, our first witness.

Mr. HALLEY. The first witness is Dr. Vincent J. Panettiere.

The CHAIRMAN. Doctor, will you please rise? Do you solemnly swear the testimony you will give the committee will be the whole truth, and nothing but the truth, so help you God?

Dr. PANETTIERE. Yes.

TESTIMONY OF VINCENT J. PANETTIERE, CORONA, LONG ISLAND, N. Y.

Mr. HALLEY. Dr. Panettiere, what is your address?

Dr. PANETTIERE. My home address?

Mr. HALLEY. Your office address.

Dr. PANETTIERE. Well, my own office address is 3520 Ninety-eighth Street, in Corona, but—

Mr. HALLEY. You do have an office on Seventy-fifth Street?

Dr. PANETTIERE. Well, I would have to explain that. I am taking care of the practice of a deceased doctor in that office.

Mr. HALLEY. What is his name?

Dr. PANETTIERE. Dr. John M. Lore.

Mr. HALLEY. Will you spell that, please?

Dr. PANETTIERE. L-o-r-e is the last name, John M.

Mr. HALLEY. Are you a medical doctor?

Dr. PANETTIERE. Yes, sir.

Mr. HALLEY. Do you have any specialty?

Dr. PANETTIERE. Ear, nose, and throat specialty.

Mr. HALLEY. Do you know Mr. Frank Costello?

Dr. PANETTIERE. Yes; I do.

Mr. HALLEY. Did you visit him yesterday morning?

Dr. PANETTIERE. Yes; I did.

Mr. HALLEY. Doctor, we have here a prescription blank on which is written:

MARCH 15, 1951.

Mr. Frank Costello, of 115 Central Park West, is confined at home in bed. He is suffering from acute laryngo-tracheitis. He should remain in bed and have complete voice rest for several days.

Respectfully submitted.

VINCENT PANETTIERE.

Is this your certificate?

Dr. PANETTIERE. Yes; it is.

Mr. HALLEY. Doctor, when did you first visit Frank Costello in connection with his present tracheitis?

Dr. PANETTIERE. Yesterday morning.

Mr. HALLEY. Had you been called upon to see him or treat him at any time in the previous week?

Dr. PANETTIERE. In the previous week? No.

Mr. HALLEY. Or the previous 2 weeks?

Dr. PANETTIERE. No.

Mr. HALLEY. Who called you yesterday morning?

Dr. PANETTIERE. Mr. Costello.

Mr. HALLEY. Himself?

Dr. PANETTIERE. Well, my secretary answered the phone and then when I went to the phone he was on it. Now, whether he called or his wife called, I do not know.

Mr. HALLEY. But he talked to you?

Dr. PANETTIERE. He talked to me on the phone.

Mr. HALLEY. And he asked you to come to see him?

Dr. PANETTIERE. Yes; he spoke to me with a hoarse voice and coughing and asked me if I could come over to see him.

Mr. HALLEY. He has a naturally husky voice, does he not?

Dr. PANETTIERE. He does have a husky voice.

Mr. HALLEY. When you went to see him, will you describe the condition you found?

Dr. PANETTIERE. Well, I found him in bed, and I examined his larynx, and found—with the indirect laryngoscopy method—in which we use a mirror, to examine his throat, and found his vocal cords inflamed, and the upper portion of the trachea inflamed.

Mr. HALLEY. Did he have any temperature?

Dr. PANETTIERE. He didn't at that time.

Mr. HALLEY. Did you order him to stay in bed?

Dr. PANETTIERE. I ordered bed rest and voice rest for him for several days.

Mr. HALLEY. Now, Doctor, in your opinion, would he be able to talk for a reasonable period, say of an hour or so, in an ordinary conversational voice, without undue risk?

Dr. PANETTIERE. If he didn't put any strain on his larynx, yes.

Mr. HALLEY. And if he had urgent business requiring him to talk in a reasonable conversational voice for reasonable periods, would you consider that he was to postpone that urgent business?

Dr. PANETTIERE. I don't believe so.

Mr. HALLEY. Thank you.

I have no further questions.

The CHAIRMAN. That is all.

Senator TOBEY. That is all.

The CHAIRMAN. Thank you, Doctor.

Mr. HALLEY. At this point, Mr. Chairman, I ask the committee to direct Mr. Costello to appear before the committee forthwith, to answer questions for an hour, or until his voice tires to the point where he is unable to answer questions.

The CHAIRMAN. In view of the testimony of his physician, and his general appearance, which seemed to be hale and hearty yesterday, and Mr. Costello's apparent physical ability to answer at least a certain number of questions for at least a time, it is the feeling of the committee that Mr. Costello is certainly physically able to come before the committee and to answer questions—at least for a limited time.

It appears to me that he was in even much better physical condition than the first day when he was here, and the testimony of his doctor does not substantiate any contention that he is physically unable to appear before the committee to give testimony, at least for a limited time. So that, in view of that fact, the committee orders and directs Mr. Costello to appear this afternoon at 2 o'clock, after the noon recess, to testify for such time as he feels that he can. If he goes on for a while and his voice gives him any trouble, of course, we will take that into consideration.

We will ask the staff of the committee, through the appropriate officials, the United States marshal, to send word to Mr. Costello to appear before the committee at 2 o'clock this afternoon.

The CHAIRMAN. Father Jerome A. Drolet of St. Charles Church, of the Lafourche Parish has paid his own way and come to New York to testify here briefly about the matter affecting the hearing which we had at Louisiana and New Orleans when we were there.

I might say that the committee knows that in the Lafourche Parish, La., Father Drolet has been one of the officials of a citizens group that has taken a very active part among the good citizens of that parish and the church people of all denominations to do something to clean up gambling and criminal activity in that section.

He has been in touch with and cooperated with the committee during our investigation and our hearing in New Orleans.

Father, will you stand, please?

Do you solemnly swear the testimony you give this committee will be the whole truth, so help you God?

Father DROLET. So help me God, I do.

TESTIMONY OF FATHER JEROME A. DROLET, ST. CHARLES CHURCH, LAFOURCHE PARISH, LA.

The CHAIRMAN. Father Drolet, your way here has been paid by a group of citizens who formed a committee to combat organized crime in Lafourche Parish?

Father DROLET. That is right, Senator.

The CHAIRMAN. How do you pronounce the name of the parish?

Father DROLET. Lafourche, a good French name.

The CHAIRMAN. Yes. And they have asked you to come to New York and make certain presentations to the committee; is that right?

Father DROLET. That is right, sir.

The CHAIRMAN. Where is Lafourche Parish?

Father DROLET. Lafourche Parish adjoins Jefferson Parish, which I am sure you remember, Senator.

The CHAIRMAN. Yes; we remember it.

Father DROLET. And the parish, where I am happy to be stationed, the St. Charles Church, as pastor, is some 55 or 60 miles southwest of New Orleans.

Shall I go ahead, Senator?

The CHAIRMAN. Yes, Father Drolet. Before you go ahead, you have come up on your own free will and accord, and your way is being paid by these good people who have formed a committee about which we heard when we were in New Orleans, to combat organized and interstate criminal conditions that you found to exist in your parish?

Father DROLET. That's right, sir.

The CHAIRMAN. When the committee was then in New Orleans, you were in touch with the chairman and the staff, and you assisted the committee in every way possible, is that correct?

Father DROLET. I tried to, sir. That's right, sir.

The CHAIRMAN. Our hearing in New Orleans was—when was it?

Father DROLET. January 25 and 26.

The CHAIRMAN. And as I remember, the sheriff of your parish, what is his name?

Father DROLET. Mr. Frank Ducos.

The CHAIRMAN. Tell us about the citizens committee, and about your work. What is your official position? You are the executive secretary?

Father DROLET. I am the executive secretary of the committee, Senator.

The CHAIRMAN. Father Drolet, please let me caution you, as I have privately, that we never like to talk about anybody who is not going to be there to be heard.

So there are certain matters in connection with your parish which have been brought out in the testimony in New Orleans, and we will ask you to confine your testimony to what you know personally, to the official records, and to the official actions of your committee.

Father DROLET. Yes, sir.

The CHAIRMAN. Not that all the rest would not be very interesting and useful, but we do not want a lot of names brought into the proceedings so that there would be any difficulty in giving anyone who felt that they had been misrepresented or talked about improperly, a chance to be heard.

Father DROLET. Yes, sir.

The CHAIRMAN. We have, sir, the rather lengthy statement which you have dictated for the benefit of the committee, of the staff of the committee, and which you have signed; and we have that for our use.

You also have certain documentary evidence with you which you will turn over to the committee for such use as we can make of it; is that right?

Father DROLET. I will be very happy to, Senator.

The CHAIRMAN. Suppose you tell us about the problem.

Father DROLET. Our committee is known—

The CHAIRMAN. First, you are a Catholic priest, pastor of the St. Charles Church?

Father DROLET. That's right, sir.

The CHAIRMAN. In Thibadeaux, La?

Father DROLET. Thibadeaux, La., in Lafourche Parish.

The CHAIRMAN. How long have you been the pastor of that church?

Father DROLET. Since July 1948, Senator.

The CHAIRMAN. Tell about your committee and what the situation is.

Father DROLET. Our committee, known as Lafourche Social Action Committee, LSAC, has for its general purpose to help the good people of Lafourche Parish, my own parish particularly, to better their living standards in general, religiously, morally, economically. In seeking to carry out that purpose, we found ourselves confronted with a pretty serious situation of organized crime, which we find is a very serious obstacle. It tears down what we try to build up in general.

Specifically, we find that several of the leading racketeers in the general locality are very close to such gentlemen as Mr. Costello and his group, and the Chicago Capone group of mobsters.

We are confronted with the serious situation of widespread gambling, slot machines all over the place except in churches and schools, widespread commercialized prostitution, white slavery, which we found also originates from the Capone mob of Chicago. Incidentally, I am originally from the south of Chicago and I feel that I have a certain of reparation to the good people among whom I am now living as pastor, because having come from near Chicago myself, originally,

I would like to undo some of the very serious harm that this Capone group of racketeers has done to the people where I am now located.

We endeavored, in brief, ever since November 1948, to get the sheriff, the district attorney, and so on, the regular public officials there, to cooperate with us or accept our cooperation toward eliminating organized crime, particularly white slavery and crooked slot machine operations, and all the regular crooked forms of gambling.

The CHAIRMAN. Your church has, of course, backed you fully in the effort?

Father DROLET. That is correct, sir. This was done as a result of very clear instructions from our proper church superior, Archbishop Rommel, archbishop of New Orleans, of which we are a part, to do our utmost to exterminate rat holes of immorality, to use his own words. That is a standing order, and we are still trying to carry on his instructions.

We secured no cooperation whatsoever from the public officials or from the political higher-ups, if I may use the expression, who seemed to control little public officials. We have tried not to bother the lesser officials too much. We know, it is common knowledge in the community, that there is one gentleman who is extremely powerful, who actually controls those lesser officials, unelected boss, you might say. We have secured no success in our contacts with him either.

The CHAIRMAN. Well, you have been active as executive secretary of this citizens' committee. How many people do you have in your citizens' committee?

Father DROLET. We have approximately, at this stage, about 1,150 members. We are forced to keep the membership and the names of the officers very secret because of conditions there, which are very tense.

The CHAIRMAN. As executive secretary you have been publicly, out in the open, with all you can against conditions that exist in your parish?

Father DROLET. That is correct.

The CHAIRMAN. What has happened to you in that connection? Has any retaliation been brought upon you?

Father DROLET. Yes, Senator. I am sorry to say various forms of retaliation. One which hurt me most personally, I would say, is this: This political higher-up whom I mentioned, Mr. Harvey J. Peltier, Sr., along with the district attorney, and the sheriff, and a few other lesser lights, sought to split us, to split the bishop from his priests, split the priests among themselves, and split the people from the priests, and so on, the old tactic of dividing us. They called one after the other on the archbishop, on the district head of the church, to have me removed or promoted out of the county or parish, as we call it. There have been a lot of anonymous telephone calls, various threats, and so on. The latest one—I don't believe it completely—but the latest one which they have spread among our good people is that I am to be killed. People seem to believe it rather widely.

The CHAIRMAN. Well, that is the current rumor and information; is that correct?

Father DROLET. That's correct, Senator.

So I was very anxious—on behalf of the people of Lafourche Parish, however, not too much in my own personal behalf—in behalf of the

people who are forced to live in grave fear in Lafourche Parish—and they have been forced to live in fear for a great many years.

I want to plead with our Federal Government, as represented by your honorable committee, to help our people in whatever way may be possible, to get out from under that un-American condition in this year 1951, when our boys are being drafted to help people in other countries get rid of that same kind of fear.

As I said, we got no cooperation whatsoever. The effort was made to have me promoted out of the county, and therefore kill the efforts of the fathers and mothers of the parish to protect decent family life there.

Recently I was dragged into the district court—I am using rough language—I was forced into the district court. I have the documents here. Briefly, an order and summons was served on me by the deputy chief sheriff, Eddie St. Marie—who, incidentally, has a few slot machines in his place of business, in Thibadeaux.

The order was served on me, and I suppose I should have delayed or stalled, but I appeared on time. I received 2 or 3 days' notice.

On the advice of my superior, the archbishop, I got the best of counsel, legal counsel, Mr. Kane—also the counsel for the Jefferson Parish Citizens Committee—and we appeared in court on time, and we didn't walk out. We stayed right through.

It was very unpleasant. Rather abusive treatment was administered to me, as a Catholic priest in what is generally called a Catholic community. Very remarkable.

Some people have described it as a propaganda trial.

At any rate, I will try to be brief once more. The effort was made to entrap me. I am quoting the attorney now, the effort was made to entrap me, by mentioning by name this gentleman, Harvey Peltier, Sr., as the boss who had been mentioned in our little mimeographed church organ.

Upon advice of counsel, I declined to mention his name as such at that particular time in those circumstances, because I was told that it would have been laying myself open to a very probable libel suit, and that would have been disastrous in our local and State courts.

We submitted a list, Senator, if I may just add this one word, of 10 people who were most capable of furnishing information about organized crime in Lafourche Parish.

The order purported to be interested in a serious investigation of organized crime in Lafourche Parish, and I was to be only the first of many witnesses, according to the publicity they put out. But as a matter of fact, I was the only witness called in, subpoenaed, without any voluntary information being extended beforehand in a decent way; and no one else was called, after we suggested in a legal document that 10 local lights in the various rackets, or people who were very well acquainted with these local rackets. The request was refused by Judge J. Lewis Watkins, who claimed the scope of the hearing could not be extended in that manner. However, he had extended the scope already by subpoenaing this radio station man who had given us free radio time for our campaign talks in the public interest.

The CHAIRMAN. In other words, the investigation was made, but you were the only one called to the investigation. They refused to call any of the other people that you suggested?

Father DROLET. That's right, sir.

The CHAIRMAN. So you feel, and the evidence that have here sustains the contention in your opinion, that it was just done for the purpose of harassing and embarrassing and trying to drive you out of the county; is that correct?

Father DROLET. Yes; and also, the people, through me, thought, Senator, if I may say—to silence them, intimidate them.

The CHAIRMAN. Your full statement, and also the exhibits you have, will be made a part of the record at an executive session.

Father DROLET. Thank you, Senator.

The CHAIRMAN. And whatever use we can make of them, and whatever comfort we may be in the situation, we will of course be.

Any questions, Senator Tobey?

Senator TOBEY. No questions.

The CHAIRMAN. Mr. Halley?

Mr. HALLEY. No questions.

The CHAIRMAN. Is there anything further, Father Drolet?

Father DROLET. I would like to add only this, Senator: I know your schedule is very well filled, and I don't want to infringe on the little time you have left before the committee expires—very unfortunately, in our opinion.

We hope very much that a way will be found as a result of various recommendations that are going to be made, that there will be a permanent Federal Crime Commission that will help people like us to get out from under such situations. We can't get any satisfaction locally or state-wide, so far.

I would like to add, in closing, that we presented the same document containing those 10 names to our local grand jury, and that had no effect whatsoever. It was turned down, and the report simply mentioned that our committee's secretary had asked permission to appear and had been permitted to appear, and that was all. So we are still getting nowhere, except that the people, I am glad to say have become angry. They have a little more fighting spirit now as a result of this unprecedented treatment of a Catholic priest in that particular section.

The CHAIRMAN. Well, Father Drolet, of course in some of the parishes in southern Louisiana there has been considerable action taken since January; hasn't there?

Father DROLET. I should say so.

The CHAIRMAN. I believe in one parish Sheriff Ozenne—was that his name?

Father DROLET. Yes; Ozenne, as we say in French.

The CHAIRMAN. I believe that he had a heart attack. He was the sheriff of one of the parishes, and I think the town marshal in the parish has been indicted.

Father DROLET. New Iberia; that's right, Senator.

The CHAIRMAN. And then there are several grand juries operating in certain of the parishes in southern Louisiana?

Father DROLET. Yes.

The CHAIRMAN. And all information I have indicates that Sheriff Clancy has closed up and kept closed operations in Jefferson Parish.

Father DROLET. That is correct, Senator.

The CHAIRMAN. And I think some investigations are going on and some grand juries are operating in some of the parishes in southern Louisiana.

Father DROLET. Iberia Parish is the one I know most about. I don't know of any other parishes for the time being. We are hopeful in Lafourche Parish we will eventually get some kind of grand jury action going.

The CHAIRMAN. I think it should be said, Father Drolet, of course we appreciate your wanting a committee like this to do something. We hope in some way or other our personal recommendations will be considered, and that we may have an independent commission with perhaps Mr. Hoover, and somebody in the Treasury Department, as members, so that there can be coordination of the investigative activities of the Federal Government and continuation of the study of crime in interstate commerce.

In the final analysis, of course, as we all know, 95 percent of any good that is going to be done will have to be accomplished by the activity of the local people who are interested. And whenever, as we all know, you can convince the law-enforcement officers that you want real law enforcement and elimination of crime, why then it is going to be enforced, or new officers are going to be in their place.

It has been rather heartening to see some activity in southern Louisiana on behalf of the people interested. I think it might be well to point out one thing in that connection: That is, that insofar as the Beverly Club is concerned, and the operation of that club, we have been wondering why the grand jury in Jefferson County, or Jefferson Parish, has not done something about the findings of this committee because we found and have proved evidence that cannot be disputed, fully corroborated, that in many, many clubs that were wide open in operations, that in the Beverly Club, that was an interstate operation which Frank Costello, here in New York, was a full participant and an active participant.

It has been shown in evidence that this was a big-time gambling operation; gambling was proven by several reliable witnesses who appeared before this committee.

Checks were put into the record bearing the endorsement of Costello, showing he was paid approximately \$1,000 a month as an active participant in the operation of this place, that he was also a stockholder, I believe, a 20-percent stockholder, and if any dividends were paid, he received his part; that other people who operated the club are Phil Kastel, Carlos Marcello—at least, Marcello owned an interest in it—and others.

Operating a gambling establishment is, of course, a violation of the law of the State of Louisiana.

Father DROLET. That is true.

The CHAIRMAN. And we have been wondering why some action has not been taken against those people who have been operating this gambling establishment, which was proved indisputably by the evidence brought out before this committee.

Of course, until local people will act when a clear case is shown—of course, they ought to work up the cases themselves—but unless they act when a clear case is shown, why, it is not a very hopeful sign.

But I think that maybe something may come of it yet. We are certainly hoping that people in Jefferson Parish will look over the record and see if a clear case has not been proven by the testimony before this committee.

Senator Tobey, any questions?

Senator TOBEY. No questions.

The CHAIRMAN. Mr. Halley?

Mr. HALLEY. May I ask, Senator, or state, that New Orleans, as far as I know, and Louisiana is the only State in which the committee has found clear evidence of crime where there has not been a follow-up by local authorities, particularly in the case of the Beverly Club.

The CHAIRMAN. Yes. Well, there has been some follow-up; but Florida, other places we have been to, whenever any evidence like this has been shown, there has been a definite follow-up; and we are looking to the local officials in Jefferson County, where they closed down these establishments, to follow up on this very definite evidence of the operation, big time operation, and interstate nature of the Beverly Club, in Jefferson Parish, La.

Thank you very much, Father Drolet. And if you will leave the records with us, they will be made a part of the record of this committee in executive session.

Father DROLET. Thank you very much, Senator.

I would like, if I may, to thank you publicly, and to thank our State council for making up our citizens committee. I am sure it has helped very much.

We are most grateful to the committee for permitting us to appear in this short time. We hope it will be possible, perhaps, to subpoena one or two of these good people whose names have been mentioned in the documents here: slot-machine king of Lafourche, and the one higher up, anyhow. They know the whole story, and they won't take much of your valuable time.

The CHAIRMAN. We will, of course, study and do what we can with the testimony that is put in the record in executive session.

Thank you, sir.

The CHAIRMAN. Mr. Moity, will you come around, please?

Mr. Moity, do you solemnly swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MOITY. I do.

TESTIMONY OF WARREN J. MOITY, NEW IBERIA, LA.

The CHAIRMAN. Mr. Moity, you appeared before the committee in New Orleans and testified at some length. You testified about some operation in Martin Parish?

Mr. MOITY. Iberia Parish.

The CHAIRMAN. Iberia Parish?

Mr. MOITY. Yes, sir.

The CHAIRMAN. And since that time, there has been some follow-up by grand jury investigation, and there have been some indictments in Iberia Parish; that correct?

Mr. MOITY. Yes, thanks to the committee.

The CHAIRMAN. Mr. Moity, we have your full statement, and also certain records that you have submitted to us, which were received in an executive session by the committee.

By the way, your name and address are Warren J. Moity, of New Iberia, La.?

Mr. MOITY. Yes, that's right.

The CHAIRMAN. And you do have one certified copy of a document that I would like to have you identify and have it placed before the committee, and I would like to have you make some explanation of it.

Mr. MOITY. That is a copy of the articles of incorporation of a slot-machine business, in which our district attorney of Iberia Parish, who is the same district attorney that investigated Sheriff Ozenne, Marshal LeBauve, which resulted in an indictment against LeBauve and Deputy Marshal Emar Rodrigue, who denied he was a deputy sheriff in New Orleans, and also Deputy Sheriff Clemire Norris——

The CHAIRMAN. Well, now, is this a certified copy of the articles of incorporation?

Mr. MOITY. Yes.

The CHAIRMAN. And the purpose of the articles of incorporation is stated in the articles?

Mr. MOITY. Definitely to operate slot machines.

The CHAIRMAN. It will be made exhibit No. 26.

(The articles of incorporation were marked Exhibit No. 26, and are on file with the committee.)

The CHAIRMAN. Now, you wanted to read the names of the incorporators as they appear?

Mr. MOITY. Mr. Compton J. LaBauve, New Iberia——

The CHAIRMAN. Now, you better spell the names.

Mr. MOITY. LaBauve. He is a brother of Marshal P. LaBauve.

The CHAIRMAN. All right, read the names. We can figure out the relationships later on.

Mr. MOITY. L. O. Pecot, district attorney, Franklin, La. He is district attorney of Iberia Parish, also, however.

C. B. DeBellevue.

The CHAIRMAN. Well, spell DeBellevue.

Mr. MOITY. D-e-B-e-l-l-e-v-u-e. He is a district attorney of Arcadia Parish, which is near Iberia Parish.

E. Leonard Resweber. He is the sheriff of St. Martin Parish. Resweber is spelled R-e-s-w-e-b-e-r. St. Martinville, La., is St. M-a-r-t-i-n-v-i-l-l-e.

The CHAIRMAN. Go ahead. Is that all?

Mr. MOITY. And the next one is Mr. John E. Schwing, who is now deceased, however, who was the former president of the New Iberia National Bank.

The CHAIRMAN. This company is still in operation and you know about its operations?

Mr. MOITY. This company has ceased since a lot of heat has been brought on it.

The CHAIRMAN. Well, when did it cease?

Mr. MOITY. It ceased in 1946 officially. However, Mr. Compton LaBauve, when the corporation ceased, continued to operate the slot machines.

The CHAIRMAN. The operation continued on?

Mr. MOITY. Yes, sir, in the name of Compton LaBauve.

The CHAIRMAN. Now, you have been working with the citizens committee in New Iberia County; is that correct?

Mr. MOITY. Correct.

The CHAIRMAN. And you are up here under the same circumstances as Father Drolet?

Mr. MOITY. Correct.

The CHAIRMAN. They have paid your way and asked you to come to New York to give the committee certain information?

Mr. MOITY. Yes, sir. They have all chipped in together to assist in making this trip possible.

The CHAIRMAN. We have the other matters and they will be made a part of our record at an executive session, and we will do what we can to fit it into our picture and the information will be used. I think I might explain the reason I am not asking you to testify about a lot of other new matters which have come up in Louisiana. It is for the simple reason that it is not going to be possible for the committee to turn to these matters, and we do not want you to bring out matters that cannot be proven as a matter of documentary evidence, because our committee expires before very long and I want to be sure that anybody whose name is brought out has a chance to be heard. But the information you have given us will be used and such information as we have documentary proof on will at the appropriate time be released for public information.

Mr. MOITY. I would like to also leave with the committee a copy of an affidavit.

The CHAIRMAN. You have with us copies of all of the affidavits you have.

Mr. MOITY. All right, sir.

The CHAIRMAN. They will be made a part of the record of this hearing.

Mr. MOITY. Thank you a lot, Senator, and I want to express my appreciation to you and the committee.

The CHAIRMAN. Thank you for coming up, Mr. Moity and Father Drolet. You leave all the affidavits and the documents you have.

Who is our next witness?

Mr. HALLEY. Inspector LaForge.

The CHAIRMAN. All right. Inspector LaForge, will you come around?

Inspector LaForge, you have been sworn previously, but do you now solemnly swear the testimony you will give the committee will be the whole truth, so help you God?

Inspector LaForge. Yes.

TESTIMONY OF CHARLES LaFORGE, CHIEF INSPECTOR, STATE POLICE OF NEW YORK, TROY, N. Y.

The CHAIRMAN. Mr. Shivitz will conduct the examination, and let's move along as rapidly as we can, gentlemen.

Mr. SHIVITZ. Inspector, where are you assigned at the present time?

Mr. LaFORGE. Assigned to Troy, N. Y., district G.

Mr. SHIVITZ. You are an inspector of the State police of the State of New York?

Mr. LaFORGE. I am.

Mr. SHIVITZ. And have been for how long?

Mr. LaFORGE. Since June 16, 1945.

Mr. SHIVITZ. And the barracks to which you are assigned take in the jurisdiction of Saratoga County, do they not?

Mr. LaFORGE. Yes, sir.

Mr. SHIVITZ. How long have you been located at those barracks?

Mr. LAFORGE. June 16, 1945.

Mr. SHIVITZ. In 1947 did you receive an order through channels with respect to gambling in the city of Saratoga?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. Will you please tell the committee how you received those orders and what they were?

Mr. LAFORGE. I received instructions from my immediate superior, Chief Inspector Francis S. McGarvey, to conduct a confidential investigation of the gambling in the city of Saratoga, to make a physical check-up of conditions in Saratoga, and report forthwith.

Mr. SHIVITZ. Do you recall the day you got those instructions?

Mr. LAFORGE. I do not recall the day, but I would say it would be the latter part of July or the beginning of August.

Mr. SHIVITZ. And those were oral instructions?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. Communicated to you by Chief Inspector McGarvey on the telephone?

Mr. LAFORGE. I do not remember if it was on the telephone or personally, but I received them nevertheless.

Mr. SHIVITZ. What did you do to carry out those instructions?

Mr. LAFORGE. I had a detail of men assigned to go in these various places that were supposed to be gambling establishments, and I went in some of them myself, and they were to report to me on their findings.

Mr. SHIVITZ. How many men were in the detail?

Mr. LAFORGE. Approximately eight.

Mr. SHIVITZ. How long did the actual investigation take?

Mr. LAFORGE. Oh, approximately 3 or 4 days tops.

Mr. SHIVITZ. As a result of that investigation you made a report dated August 6, 1947, which you transmitted to your superior, Chief McGarvey?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. I show you this report and ask you if that is the report?

Mr. LAFORGE. That is the report with my signature.

Mr. SHIVITZ. And it is dated August 6, 1947; is that correct?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. And it covers seven typewritten pages, does it not?

Mr. LAFORGE. Six.

Mr. SHIVITZ. Six. And each page deals with a different gambling establishment in or about the city of Saratoga?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. Which you found operating at the time you made the investigation in August of 1947?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. The report being dated August 6, 1947, would indicate that your investigation took place at the beginning of the so-called season at Saratoga; is that correct?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. Which usually runs from when to when?

Mr. LAFORGE. Sometimes it may run from the 28th of July—briefly, it is the racing season. Whatever the racing season is, that would be the season for the clubs to open.

Mr. SHIVITZ. It would usually be from about the end of July or the beginning of August to some time near the end of August?

Mr. LAFORGE. Sometimes it is the end of July to the end of August, sometimes it is the 2d or 3d of August until the beginning of September, according to what the racing season is.

Mr. SHIVITZ. Now, looking at that report, which is the one you have on the top?

Mr. LAFORGE. Chicago Club.

Mr. SHIVITZ. The Chicago Club. Your report details what you found there. Will you please read it to the committee?

Mr. LAFORGE. Would you care to have the complete report read?

Mr. SHIVITZ. Just read what you found.

Mr. LAFORGE. The Chicago Club, located in Saratoga Spa, N. Y. Found that the main operators were Gus DeMatteo, from Saratoga Spa, and Martin A. Burns, alias Matty.

Mr. SHIVITZ. How did you ascertain who was operating the place?

Mr. LAFORGE. That information comes from a confidential source.

Mr. SHIVITZ. In describing the property, you merely gave a physical description of the premises; is that correct?

Mr. LAFORGE. That is correct.

Mr. SHIVITZ. Will you set forth the gambling equipment, for instance, at the Chicago Club you found a horse room with three men and three cages working, one crap table and one roulette table; is that correct?

Mr. LAFORGE. That is correct. Might I elaborate on this particular Chicago Club?

Mr. SHIVITZ. Surely.

Mr. LAFORGE. This club would only operate in the afternoons. They were not allowed, as I understand, to operate in the evening when other clubs were operating.

Mr. SHIVITZ. Where did you get that information?

Mr. LAFORGE. Confidential source.

Mr. SHIVITZ. So that even the time that these establishments were operating was regulated; is that correct?

Mr. LAFORGE. That is correct, sir.

Mr. SHIVITZ. Would you say it was regulated by the officials of the community?

Mr. LAFORGE. Well, that would be hard to say. I imagine there was a mutual agreement among the proprietors of the different clubs. I don't know; I would assume that.

Mr. SHIVITZ. Would you say that they were sort of cutting up the business, as to who should operate in the daytime and who should operate in the nighttime?

Mr. LAFORGE. It looks very much so. They may have, sir.

Mr. SHIVITZ. Which of these places did you personally go into?

Mr. LAFORGE. Delmonico's.

Mr. SHIVITZ. That place is operated by a local man?

Mr. LAFORGE. That place is operated by a Peter Sullivan, who is now deceased.

Mr. SHIVITZ. What equipment did they have there?

Mr. LAFORGE. Six roulette wheels, bird cage, two crap tables, and two card tables for chemin de fer.

Mr. SHIVITZ. When did you go there, in the daytime or evening?

Mr. LAFORGE. Evening.

Mr. SHIVITZ. And found the place in full swing?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. You had no difficulty getting in, did you?

Mr. LAFORGE. None whatsoever.

Mr. SHIVITZ. These places all had food and drink being served there?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. And that was in a place separate and apart from where the gambling was going on?

Mr. LAFORGE. It is in a building attached to the restaurant or saloon.

Mr. SHIVITZ. Each of these places that served the food and drink in connection with the gambling establishment was all properly licensed in accordance with the laws of the State of New York; is that correct?

Mr. LAFORGE. I understand they were, sir.

Mr. SHIVITZ. You are also aware of the fact that the alcoholic beverage control laws prohibit gambling in connection with any licensed premises, are you not?

Mr. LAFORGE. Yes sir; I am.

Mr. SHIVITZ. Is that the only place you went yourself, Delmonico's?

Mr. LAFORGE. I went to Smith's Interlochen.

Mr. SHIVITZ. And you saw four roulette wheels, three crap tables, one large wheel with silver dollars being placed on numbers, and one card table with a blackjack dealer and one bird cage; is that correct?

Mr. LAFORGE. That is correct, sir.

Mr. SHIVITZ. Was that place in operation when you entered it?

Mr. LAFORGE. Very much so.

Mr. SHIVITZ. People were gambling?

Mr. LAFORGE. Yes, sir. That is known as, in the language of the underworld, as a sawdust joint.

Mr. SHIVITZ. Will you tell us what that means?

Mr. LAFORGE. In other words, this place is probably for the common people, more or less, where there are no carpets, and it is visited here in this particular time, there must have been about 200 people in there gambling, and in other words, it is for the normal class of people, I suppose, that can't afford to go to the plush places.

Mr. SHIVITZ. I see. Which were the plush places? Was the Piping Rock one of the plush places?

Mr. LAFORGE. Very much so.

Mr. SHIVITZ. And have you listened to the testimony given in the course of the hearings here?

Mr. LAFORGE. No, sir, I have not. I have heard some of it on the television, yes.

Mr. SHIVITZ. And you know the interest that Mr. Costello and Mr. Lansky have had from time to time in Piping Rock?

Mr. LAFORGE. I haven't heard that, and I don't know of Mr. Costello having any interest up there. But I have heard, through confidential sources, that Meyer Lansky did have an interest in the Arrowhead with Joe Adonis in 1947; as a matter of fact, I saw Meyer Lansky in the Arrowhead at that time.

The CHAIRMAN. Let the record show, so there won't be any misunderstanding about it, that in executive session, that in the year 1942, I believe, it was proven and admitted that Mr. Costello had an

interest, somebody else's interest, or a part of somebody else's interest, in Piping Rock. Was that the year, Mr. Halley?

Mr. HALLEY. It was 1942.

The CHAIRMAN. And that Lansky and Joe Adonis did have an interest—I don't know the percentage—in Arrowhead Inn.

Was that the name of it?

Mr. HALLEY. That's right; in 1947.

The CHAIRMAN. Was that in 1947 or earlier?

Mr. HALLEY. No; 1947.

The CHAIRMAN. Anyway, the interest had been established. I just didn't want an inference to arise from the answer you have given.

Mr. SHIVITZ. Inspector, are you aware of the curfew hour the ABC board puts on places selling liquor?

Mr. LAFORGE. Yes, I am. It is different in different counties.

Mr. SHIVITZ. How about Saratoga County?

Mr. LAFORGE. 3 o'clock.

Mr. SHIVITZ. I am curious to know whether or not they observed this curfew and closed at 3 o'clock.

Mr. LAFORGE. I would say no.

Mr. SHIVITZ. They did not?

Mr. LAFORGE. No, sir.

Mr. SHIVITZ. They didn't stop either the gambling or the selling of liquor at 3 o'clock?

Mr. LAFORGE. No, sir.

Mr. SHIVITZ. From your observations in preparing this report, it is safe to assume that gambling was wide open in Saratoga in the summer of 1947; is that correct?

Mr. LAFORGE. Definitely, yes.

Mr. SHIVITZ. After you completed your report, what did you do with it?

Mr. LAFORGE. I turned it over personally to my superior, Chief Inspector F. S. McGarvey.

Mr. SHIVITZ. Did you ever hear anything more about it after that, until this committee took an interest in it?

Mr. LAFORGE. No, sir. Until this committee took an interest, I heard no more about it.

Mr. SHIVITZ. None of your superiors ever discussed it with you thereafter?

Mr. LAFORGE. No, sir. You are talking about 1947, I assume?

Mr. SHIVITZ. That's correct.

Mr. LAFORGE. I see.

Mr. SHIVITZ. Now, would you please tell the committee the policy of the State police with respect to gambling?

Mr. LAFORGE. Well, naturally, if a crime is committed within our jurisdiction with respect to gambling, we take immediate action.

However, in the city of Saratoga, which I believe you are referring to; is that correct?

Mr. SHIVITZ. That is correct.

Mr. LAFORGE. We did not take any action due to the fact that section 97 of the executive law, we do not take any action unless we are ordered to do so, or requested by the mayor or the district attorney, or the upper echelons of our department, or the Governor of the State of New York.

Mr. SHIVITZ. Have you familiarized yourself with the provisions of section 97 of the executive law?

Mr. LaFORGE. I believe so. I haven't checked it, but that's about my interpretation of it.

Mr. SHIVITZ. Will you please tell the committee what your understanding of that law is?

Mr. LaFORGE. My understanding, that we would not go into any city unless we had a complaint from the district attorney or the mayor, or received such instructions through my superiors.

Mr. SHIVITZ. That is with respect to taking direct police action on the part of your agents?

Mr. LaFORGE. Direct police action; that's correct.

Mr. SHIVITZ. On the other hand, with respect to referring evidences of crime to other law-enforcement officers, have you a policy with respect to that?

Mr. LaFORGE. In reference to cities?

Mr. SHIVITZ. That's correct.

Mr. LaFORGE. We have no policy; no, sir. But I don't know just what you are getting at.

Mr. SHIVITZ. Well, if you had evidence of crime in a municipality, would you refer it to the city authorities, to the city police officials, for action?

Mr. LaFORGE. If I had evidence of crime, without being instructed by my superiors, it is quite possible I may do so.

In this particular case, I referred my report up to the higher echelons of my department.

Mr. SHIVITZ. You knew who the police officials were in the city of Saratoga, did you not?

Mr. LaFORGE. Oh, yes.

Mr. SHIVITZ. And the chief of police is Mr. Rox; Patty Rox; is it not?

Mr. LaFORGE. Yes, sir.

Mr. SHIVITZ. And you know the gentleman?

Mr. LaFORGE. Very well, sir.

Mr. SHIVITZ. And you and he have talked many times?

Mr. LaFORGE. I would say yes.

Mr. SHIVITZ. And in the summer of 1947, you had occasion to talk to him on different occasions on different subjects?

Mr. LaFORGE. I would say I may have talked to him. It is quite possible I did. I just can't recall any particular incident.

Mr. SHIVITZ. As a matter of fact, you told this committee in executive session that you did talk to Mr. Rox during that period?

Mr. LaFORGE. Well, if I said that, that is the truth, sir.

Mr. SHIVITZ. Have you ever discussed the gambling situation with Chief of Police Rox?

Mr. LaFORGE. Never.

Mr. SHIVITZ. And you didn't do that because you didn't feel you could trust him; is that correct?

Mr. LaFORGE. I just don't like that word. But I didn't—

Mr. SHIVITZ. I am using your words. Let me refresh your memory. When you were asked why you didn't discuss gambling with Rox, you testified, page 5194 of the executive session:

Well, I guess I didn't feel as if we should. Maybe we could not trust him.

You recall that?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. Will you please elaborate on your reasons for that conclusion?

Mr. LAFORGE. Well, I would say this: That through my subordinates, especially those stationed around Saratoga, we found out through past experience that Chief Patrick Rox was very, very cooperative in other phases of the law.

However, as far as gambling is concerned, we felt that we should not ask him, due to the fact that, I believe, on occasions in the past, some of my subordinates have asked him something, and he said, "Well, just can't talk about those things."

Mr. SHIVITZ. Well, as a matter of fact, it was your opinion, and it still is, that they were politically controlled up there; isn't that so?

Mr. LAFORGE. Oh, I believe so; yes.

Mr. SHIVITZ. I am referring to the police of the city of Saratoga.

Mr. LAFORGE. They are politically controlled. It is a situation up there that is politically controlled.

Mr. SHIVITZ. As a matter of fact, the same applies to the sheriff's office; isn't that so?

Mr. LAFORGE. That is a political job. I assume that is politically controlled also.

Mr. SHIVITZ. Well, both the sheriff's office and the police of the city have jurisdiction to enforce the gambling laws in the city of Saratoga, have they not?

Mr. LAFORGE. They have.

Mr. SHIVITZ. And who runs the police department of the city?

Mr. LAFORGE. Why, the commissioner—

Mr. SHIVITZ. Who is the political head?

Mr. LAFORGE. I believe Commissioner—Dr. Leonard.

Mr. SHIVITZ. What is his political position?

Mr. LAFORGE. I believe he is the Democratic leader. I am not certain.

Mr. SHIVITZ. And who is the political chief of the sheriff's office?

Mr. LAFORGE. I believe it is a gentleman by the name of Mr. O'Leary, who is an attorney in Saratoga and Schenectady.

Mr. SHIVITZ. And when you talk about political control over the police and the sheriff's office, you are referring to the control which is, at the top, that of Leonard and O'Leary; is that correct?

Mr. LAFORGE. That's correct, sir.

Senator TOBEY. Isn't it true to say that in your judgment, the whole Saratoga situation, from the sheriff's office to the chief of police, to the stealthy detectives they employed, is a sickening, a disgusting picture of incompetency?

Mr. LAFORGE. I would agree, Senator Tobey.

Senator TOBEY. I knew your would.

Mr. SHIVITZ. Now, when, for the first time during your stay at the barracks where you are, did you receive instructions to go in and stop gambling?

Mr. LAFORGE. October, in 1949.

Mr. SHIVITZ. And that would, of course, have to be for the following year, 1950, because by October the season is over in Saratoga; is that right?

Mr. LAFORGE. That's correct; that's correct.

Mr. SHIVITZ. Now, what did you do to implement or carry out these instructions?

Mr. LAFORGE. I carried my instructions out to the letter of a T. I had assigned a detail, and I was given the green light more or less that anything that operated; it was strictly permissible by me, and with myself, to make any arrests.

Mr. SHIVITZ. Now——

Senator TOBEY. Just a moment. But that was 3 years too late, wasn't it?

Mr. LAFORGE. I would say so.

Senator TOBEY. You had the evidence, and additionally you made an investigation, an admirable report, which you have identified, and not a single thing was done about it for 3 years, was there?

Mr. LAFORGE. Not by me, sir.

Senator TOBEY. Or anybody else—of your superiors?

Mr. LAFORGE. No, sir.

Senator TOBEY. They fell asleep on the job; they stored it away in cold storage, and nothing was done. Three years. Go ahead.

Mr. SHIVITZ. From your knowledge of the operation of these establishments in Saratoga, the gambling establishments, can they stay in business or survive if they can't serve and sell liquor?

Mr. LAFORGE. Will you repeat that question, please?

Mr. SHIVITZ. Can these gambling establishments exist unless they are able to serve liquor?

Mr. LAFORGE. Well, that is a hard question for me to answer. I would say "Yes."

Mr. SHIVITZ. Now, I believe you testified to the contrary at the executive session, Inspector. Do you recall?

Mr. LAFORGE. Well, in other words, if they didn't sell liquor, that the gambling wouldn't suffice?

Mr. SHIVITZ. Yes.

Mr. LAFORGE. Well, that is a question of opinion.

The CHAIRMAN. They would have a hard time doing it?

Mr. LAFORGE. I would say they would have a hard time doing it. Let it go at that.

Mr. SHIVITZ. In any event, Inspector, you never did send any report to the State liquor authority with respect to any of these places?

Mr. LAFORGE. I did not; no, sir.

Mr. SHIVITZ. Now, you had a talk with the investigator for this committee, Mr. Murray, did you not, when he originally discussed this situation with you?

Mr. LAFORGE. I believe I did, on January 13, I believe was the date. I am not certain.

Mr. SHIVITZ. And you recall his testifying at an executive session before this committee to the effect that you had indicated to him that this report was requested from the Governor's office through channels to you, and that in sending in your report, you were sending it back through channels to the Governor's office. Do you recall his testimony to that effect?

Mr. LAFORGE. No, I didn't hear his testimony.

Mr. SHIVITZ. Weren't you present?

Mr. LAFORGE. No, sir. But that was not my testimony.

Mr. SHIVITZ. Well, I am just asking you whether you heard Mr. Murray make that statement before the committee.

Mr. LAFORGE. No, sir; I didn't hear.

Mr. SHIVITZ. Now, when, for the first time, did you discuss this report with Superintendent Gaffney?

Mr. LAFORGE. February 12, 1950.

Senator TOBEY. 1950?

Mr. LAFORGE. 1951. Excuse me, sir.

Senator TOBEY. Oh, this last February?

Mr. LAFORGE. That's right.

Senator TOBEY. After you appeared before the committee in executive session?

Mr. LAFORGE. No, it was the day before I appeared before the committee. I believe I appeared on February 13.

Senator TOBEY. I see.

Mr. SHIVITZ. And will you please tell us what the superintendent said to you and what you said to him with respect to it?

Mr. LAFORGE. I will do that as near as I can recollect. We had a meeting with Captain Gaffney, Chief Inspector McGarvey, and myself, pertaining to our invitations to appear before this honorable committee.

We—at that time I was shown this report, and, in addition, I was shown a synopsis of the report made out by Chief Inspector McGarvey, which was submitted to my superintendent.

We discussed my report and its findings, and I was instructed to testify honestly by the superintendent of the facts that I found in Saratoga.

Mr. SHIVITZ. Well, Inspector, you didn't require any instructions to testify honestly, did you?

Mr. LAFORGE. I certainly did not.

Mr. SHIVITZ. That would be your way of doing it without instructions?

Mr. LAFORGE. I think my testimony shows that, sir.

Mr. SHIVITZ. Well, now, did he ask you or did you tell him of the discussion you had with Mr. Murray on this subject?

Mr. LAFORGE. No. I told him that Mr. Murray had been in my office, and he was familiar with that, I believe, because I told my chief inspector, and we discussed the Saratoga situation.

Mr. SHIVITZ. Did he ask you what you told him about the origin of the request or the destination of the report?

Mr. LAFORGE. The origin of what request, sir?

Mr. SHIVITZ. To you, for a report in 1947.

Mr. LAFORGE. No; I imagine he was familiar with this. I don't know. He didn't discuss that.

Mr. SHIVITZ. Did he ask you what you told Murray? Did Superintendent Gaffney ask you what you told Murray as to where the original request originated? Do you follow me?

Mr. LAFORGE. No, I don't follow you, sir.

Mr. SHIVITZ. Did Mr. Gaffney ask you what you had told Investigator Murray as to where the original request to you originated?

Mr. LAFORGE. Yes, sir.

Mr. SHIVITZ. He did ask you that?

Mr. LAFORGE. Yes, sir; he did.

Mr. SHIVITZ. And what did you tell him?

Mr. LAFORGE. I told him Mr. Murray told me.

Mr. SHIVITZ. But you told Mr. Murray?

Mr. LAFORGE. Of the FBI?

Mr. SHIVITZ. Did you understand my question?

Mr. LAFORGE. No; I don't quite get you.

Mr. SHIVITZ. Did Mr. Gaffney ask you what you had told Murray about the origin of the request for an investigation in 1947?

Mr. LAFORGE. No, sir.

Mr. SHIVITZ. Mr. Gaffney didn't ask you that question?

Mr. LAFORGE. No, sir. I might say this: I don't recall if Mr. Gaffney asked or not, but I believe it was discussed that Mr. Murray did come to see me, and Mr. Murray did ask me why I conducted such an investigation. I told him I was ordered to do so, or instructed to do so by my superior, Chief Inspector McGarvey.

Mr. SHIVITZ. Now, don't you recall, when you were before the executive session—and I am reading from page 5268 of the minutes of that session—that while you were testifying, in the course of your testimony, Mr. Murray was interrogated by counsel for the committee? You recall that, don't you?

Mr. LAFORGE. Not in my presence, he wasn't.

Mr. SHIVITZ. Yes, I will read it to you; it will bring it back to you.

Mr. LAFORGE. That is correct.

Mr. SHIVITZ. Do you recall?

Mr. LAFORGE. I recall.

Mr. SHIVITZ. Do you recall him saying the following:

We were discussing the matter of the gambling—

“we,” meaning you and Mr. Murray—

activities in Saratoga, and the fact that no raids or action had ever been taken by the State police in connection with them, with the exception of one instance in 1947, when the subject survey was made. That was on an order which came to the Troy Barracks, to you from your superior, from the Governor's office, through channels from the Governor's office, rather, through channels.

A survey was made and written up which showed the various places in operation, the equipment in the places, and the possible gamblers controlling the various joints.

When the survey was completed it was sent back to your superior destined, so far as you knew, for the Governor's office. It was understood in our conversation that you could not prove that the survey came out of the Governor's office, the request for it, or of submission to it. All you knew was that it came through channels to you.

You remember Mr. Murray making that statement in your presence?

Mr. LAFORGE. I believe he did; yes, sir.

Mr. SHIVITZ. Now, substantially, isn't that what happened between you and Mr. Murray?

Mr. LAFORGE. I didn't mention the evidence to Mr. Murray at all. I told him my request for this investigation was made for Chief Inspector McGarvey.

Mr. SHIVITZ. Mr. Gaffney spoke to you and Chief Inspector McGarvey the day you came to testify at the executive session, isn't it a fact that he asked you what did you tell Murray as to who originally requested the report?

Mr. LAFORGE. No; I don't believe so; no.

Mr. SHIVITZ. He didn't ask you that?

Mr. LAFORGE. No; I don't recall anything like that.

Mr. SHIVITZ. Well, that was only a month ago.

Mr. LaFORGE. That's correct.

Mr. SHIVITZ. Isn't it a fact that Superintendent Gaffney asked you what did you tell Murray as to where the report was to go?

Mr. LaFORGE. No; I don't believe so; no, sir.

Mr. SHIVITZ. Well, did you discuss it with Superintendent Gaffney after you left the committee?

Mr. LaFORGE. Yes, sir; I did.

Mr. SHIVITZ. Was it his recollection that he did or did not discuss it with you before you testified?

Mr. LaFORGE. Why, he discussed the Saratoga situation with me, yes, but not about the——

Mr. SHIVITZ. Do you understand my question?

Mr. LaFORGE. But not the origin of the investigation. That's what you are talking about; is that right?

Mr. SHIVITZ. That's right.

Mr. LaFORGE. I talked with Superintendent Gaffney the day after the hearing, which I believe was February 14, at Hawthorne, N. Y., very briefly.

Mr. SHIVITZ. On the telephone or in person?

Mr. LaFORGE. In person, sir.

Mr. SHIVITZ. Was Chief Inspector McGarvey with you?

Mr. LaFORGE. I don't know if he was there at that time, but he was in the building. He may have been in the next room.

Mr. SHIVITZ. Did the three of you ever discuss it that day—any time that day?

Mr. LaFORGE. Not too much; no.

Mr. SHIVITZ. Well, at all?

Mr. LaFORGE. Somewhat; yes.

Mr. SHIVITZ. For about how long?

Mr. LaFORGE. Well, I would say I had a very short conference with him, probably less than and no more than a minute, at the most. Now, Chief Inspector McGarvey spoke with him for a while.

Mr. SHIVITZ. At greater length?

Mr. LaFORGE. I would say maybe 3 or 4 minutes, or 5 minutes.

Mr. SHIVITZ. Then did the chief inspector discuss the subject with you further?

Mr. LaFORGE. There was a general conversation; yes, naturally.

Mr. SHIVITZ. Do you recall, when you were at the executive session, after you had completed your testimony, you were called in a second time; is that correct?

Mr. LaFORGE. That's correct.

Mr. SHIVITZ. And thereafter, we sought Superintendent Gaffney, and he was no longer available. He left.

Mr. LaFORGE. That is correct, sir.

Mr. SHIVITZ. Did you communicate with him after you left the building that day?

Mr. LaFORGE. I saw Superintendent Gaffney the next day in Hawthorne.

Mr. SHIVITZ. Did you speak to him before you saw him in Hawthorne?

Mr. LaFORGE. No, sir.

Mr. SHIVITZ. Do you know whether Chief Inspector McGarvey did?

Mr. LAFORGE. He may have talked to him on the phone—not in my presence.

Mr. SHIVITZ. Did you communicate with the Albany office after you left the examination?

Mr. LAFORGE. I have not communicated with the Albany office to this day.

Mr. SHIVITZ. Do you know whether Chief Inspector McGarvey did?

Mr. LAFORGE. That is his office. I assume he has; yes.

Mr. SHIVITZ. In your presence, did he do so?

Mr. LAFORGE. No, sir.

Mr. SHIVITZ. Have you had any further requests for a report on this situation since you testified here from channels?

Mr. LAFORGE. No, sir.

Mr. SHIVITZ. And you have made none?

Mr. LAFORGE. I have made none; no, sir.

Mr. SHIVITZ. No further questions of this witness.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. May I recapitulate, having in mind the executive session in which you appeared in February, before us, and you impressed me as a good citizen, as an honest man, but I think you were "under wraps." Do you know the expression "under wraps"—what that means?

Mr. LAFORGE. I believe I do.

Senator TOBEY. You couldn't shoot off as you might like to from your conscience and your heart.

Mr. LAFORGE. That's right.

Senator TOBEY. You were under wraps, as I say, and you testified that you, on orders, made this admirable report and very comprehensive report, that showed up terrible conditions in Saratoga, wide open, in 1947.

And then you said, and I asked you what you did with the report, and you said you gave it to your superior, Mr. McGarvey. Was that right?

Mr. LAFORGE. That's correct, Senator.

Senator TOBEY. And I said, then, nothing was done to prosecute and correct these evils, and you said, "No."

Then you said you gave it to Mr. McGarvey, and I asked what he did with it, and you said you didn't know; he gave it to the chief; what is his name?

Mr. LAFORGE. Capt. John A. Gaffney.

Senator TOBEY. Yes. He gave it to him?

Mr. LAFORGE. Yes, sir.

Senator TOBEY. And I asked you what he did with it, and you said you didn't know. But finally, under examination, you thought he said he put it in the confidential file. And you sent to his office your labor of love, and the zeal of yours in making this report over weeks of effort, a comprehensive report, paid for by the taxpayers of New York, you give it to your superior, he gives it to his. What does he do with it? He says it is a pretty heavy report, pretty strong report. But he opens the safe door, marks it confidential; shoves it in where mark and rust cannot corrupt; is that right so far?

Mr. LAFORGE. I never said that, Senator.

Senator TOBEY. I said it. You said, "Yes," you thought so.

Mr. LAFORGE. I don't know if I said "Yes" or not.

Senator TOBEY. You did, yes; you agreed with me.

So that the report did repose in the archives of the safe, marked "Confidential" of the head of the New York State police for at least 3 years, didn't it, before any action was taken on it?

Mr. LAFORGE. 1947; yes, sir.

Senator TOBEY. That's right, isn't it?

Mr. LAFORGE. Yes, sir.

Senator TOBEY. All right. So that for 3 years the taxpayers of New York, who were suffering through breaches of the law in Saratoga, have their able, State police officials, including you, and McGarvey and the chief, all act together to put the thing out of sight and out of mind, and cover it up. No prosecutions, no attempt to enforce the law.

Where is the respect on the part of New York for law enforcement authorities and the citizen to know about a thing like this?

And I said to you, "Why didn't you go to McGarvey and say, 'Here, here is the report. It amazes you. Let's prosecute.'"

You said, "It isn't done that way."

But I say that some official in this country has got the guts enough to say, "Here, Chief, is a report. Enforce the law. And if you are not going to do it, I am doing to resign and tell the people about it."

We are going to get somewhere in America. It is this passivity, inertia all along the line.

Mr. LAFORGE. May I correct it, Senator?

Senator TOBEY. Yes.

Mr. LAFORGE. I believe at that time that you asked me why I did not bring this report to the attention of the Governor's office.

Senator TOBEY. I did.

Mr. LAFORGE. Is that correct?

Senator TOBEY. That's right.

Mr. LAFORGE. And I told you that my report went through channels.

Senator TOBEY. Here is my question:

Why didn't you, as a public spirited citizen and a policeman say, if there is no action on the part of his superiors, "I will go to the Governor about it."

Mr. LAFORGE. We just don't do those things.

Senator TOBEY. Why not? If there were a man who is crooked in his heart, and had no interest in the public welfare, you would just sit supinely and say "I did my part in the investigation."

Now, that is what you said. And you think what I have said is a fair picture of what happened, reduced to pretty terse, epigrammatic language, but it is a word picture, and I give it to the people of New York, and say it is time for somebody to cry out against those officials.

Mr. LAFORGE. Senator Tobey, you know as well as I do, that we are semimilitary organization. And it is no more than a private could pass a general's tent, if he had some gripe or something else, and he wanted to bring something to the attention of the general, he can't go and tell the general; he must go through channels. Am I correct?

Senator TOBEY. And when the channels smother the thing and the public good, the taxpayers are paying for it, I dare you to say, "To hell with the channels" and move forward.

Mr. LAFORGE. We just can't do those things, Senator.

Senator TOBEY. I know you don't, but some do. And that is the saving grace of the country.

And I said to you:

We have so many men drawing salaries in the State and Nation who just do what they have to do, and nothing more. To show the public menace. Don't you think that you have a duty beyond drawing your pay and holding a job? And when a McGarvey or a Smith or a Jones doesn't do anything about it, then is it not incumbent upon you as a citizen to show him up and prod him along, get it into the press and publicity, so that people know what is going on under cover.

And you just said, "We just don't do those things."

And I said, "I see you don't. And I am asking why." I said, "The public welfare is bigger than your interests or McGarvey's interests." And I still maintain that.

The CHAIRMAN. Any other questions?

Mr. SHIVITZ. I have no other questions.

Mr. HALLEY. I have a couple.

Inspector LaForge, there is no question that in 1947, 1948, or during the season of 1949, nothing was done to close down the gambling at Saratoga?

Mr. LaFORGE. That's correct, Mr. Halley.

Mr. HALLEY. And the gambling houses ran wide open during the season; is that right?

Mr. LaFORGE. Yes, sir.

Mr. HALLEY. When you were asked to write this report in 1947, who asked you to do it?

Mr. LaFORGE. Well, really nobody asked me to do it. That's the way we transmit our thoughts, or our findings, on paper.

Mr. HALLEY. Do you mean you did it on your own initiative?

Mr. LaFORGE. No. Naturally, Chief Inspector McGarvey asked me to submit a report. Is that what you mean?

Mr. HALLEY. Yes, on Saratoga.

Mr. LaFORGE. Yes.

Mr. HALLEY. What is your particular jurisdiction?

Mr. LaFORGE. I have jurisdiction of 11½ counties.

Mr. HALLEY. And where is your headquarters?

Mr. LaFORGE. Troy, N. Y., sir.

Mr. HALLEY. In Troy?

Mr. LaFORGE. Yes.

Mr. HALLEY. Is it in the same building with Inspector McGarvey?

Mr. LaFORGE. No. Inspector McGarvey is located in Albany, N. Y.

Mr. HALLEY. Does he frequently ask you for reports of this nature?

Mr. LaFORGE. Oh, yes; yes.

Mr. HALLEY. And you do them in the regular routine?

Mr. LaFORGE. Yes, sir.

Mr. HALLEY. Do you ordinarily personally deliver them to Inspector McGarvey?

Mr. LaFORGE. This one was, I thought, was rather important, and it was delivered personally.

Otherwise, I drop them in the mail; he receives them the next day.

Mr. HALLEY. But this was an exception?

Mr. LaFORGE. I would say it was; yes, sir.

Mr. HALLEY. What was the date of this report?

Mr. LaFORGE. August 6, 1947.

Mr. HALLEY. August what?

Mr. LaFORGE. Sixth.

Mr. HALLEY. Above it is the report that McGarvey made to Gaffney; is that right?

Mr. LAFORGE. I don't have it here.

Mr. HALLEY. I see. Do you know how soon after you wrote your report you reported to McGarvey?

Mr. LAFORGE. The first time I saw that report was on February 12, 1951.

Mr. HALLEY. You read your own report. You wrote that on August 6; is that right?

Mr. LAFORGE. I would say it was submitted probably the same day.

Mr. HALLEY. You submitted it the same day?

Mr. LAFORGE. But there was a letter of transmittal with this. I don't see it here. But that was given, I imagine, August 6.

Mr. HALLEY. We can go ahead, because we have a second report written by McGarvey to Gaffney, which is dated August 6 also.

Mr. LAFORGE. That would be the date I delivered it personally.

Mr. HALLEY. Would you get the impression that on August 6, 1947, this was considered a fairly urgent matter by, first, you, and, second, McGarvey; and, finally, the head of the State police, Gaffney; so that this report went right up through channels in 1 day?

Mr. LAFORGE. I personally figured it was very important, and it should be delivered; yes, sir.

Mr. HALLEY. When McGarvey asked you for the report, did he tell you it was a very important one?

Mr. LAFORGE. No. I don't believe—I don't recall such a conversation.

Mr. HALLEY. Were you asked in writing or orally, or by phone, to make a report?

Mr. LAFORGE. I believe it was—I couldn't tell you which. It may have been telephone, it may have been oral.

Mr. HALLEY. Not in writing?

Mr. LAFORGE. No, it was not in writing; no, sir.

Mr. HALLEY. You went right out and made the investigation; is that right?

Mr. LAFORGE. Immediately, sir; yes, sir.

Mr. HALLEY. And as soon as you finished the investigation you sat down and wrote your report?

Mr. LAFORGE. Yes, sir.

Mr. HALLEY. And you took it personally to McGarvey?

Mr. LAFORGE. Yes, sir.

Mr. HALLEY. So far as our records show, you took it to him the very day that you wrote it; is that right?

Mr. LAFORGE. Yes, sir.

Mr. HALLEY. Is that your recollection?

Mr. LAFORGE. Why, I believe it must be. If his report is dated August 6 and this is August 6, it must be so.

Mr. HALLEY. No; the gambling had been going on in Saratoga for countless years before 1947, had it not?

Mr. LAFORGE. Yes; all before I was up in that part of the country.

Mr. HALLEY. What did you think was the rush on August 6, 1947?

Mr. LAFORGE. Why, I could not just say that. I do not know.

Mr. HALLEY. Wasn't it because, as Patrick Murray, our investigator, contends that you told him, you were told that the Governor's office

wanted that report, to get it down and get it back through channels to the Governor's office?

Mr. LaFORGE. I never told Mr. Murray that.

Mr. HALLEY. If he says that he is just telling an untruth?

Mr. LaFORGE. Well, you can call it what you wish.

Mr. HALLEY. Have you any other explanation for taking a report on Saratoga and getting it from you to McGarvey to Gaffney in such a rush?

Mr. LaFORGE. Why, did you say?

Mr. HALLEY. Yes.

Mr. LaFORGE. I thought it was rather important, the situation up there.

Mr. HALLEY. Well, it had been going on for many years, hadn't it?

Mr. LaFORGE. Yes, it was.

Mr. HALLEY. What was the sudden urgency of the situation, from your viewpoint?

Mr. LaFORGE. From my personal viewpoint?

Mr. HALLEY. Yes.

Mr. LaFORGE. Well, I thought, my own viewpoint, I thought perhaps they were ready to make a gambling seizure.

Mr. HALLEY. Whom do you mean by "they"?

Mr. LaFORGE. My superiors.

Mr. HALLEY. Well, could they make a gambling seizure in the city of Saratoga?

Mr. LaFORGE. They could so instruct if they received a complaint.

Mr. HALLEY. They would have to get a simple order from the Governor; is that right?

Mr. LaFORGE. Or a request from the district attorney or the mayor of the city, or somebody in higher authority; yes, sir.

Mr. HALLEY. That wasn't a complicated thing; it would just be a request from the district attorney or a simple order from the Governor; is that right?

Mr. LaFORGE. That's all, sir; yes, sir.

Mr. HALLEY. And you thought maybe the time had come?

Mr. LaFORGE. Yes, sir; I did.

Mr. HALLEY. And did anybody ever tell you that the Governor was interested?

Mr. LaFORGE. No, sir.

Mr. HALLEY. Thank you, nothing else.

The CHAIRMAN. Mr. LaForge, in your finding here, Arrowhead Inn, for instance, you listed the operators as Joe Adonis, Brooklyn; Charles Manning, New York; J. A. Coakley, alias O. K. Coakley, New York City; Lefty Clark, Detroit; is that right?

Mr. LaFORGE. That is correct.

The CHAIRMAN. Who is Lefty Clark in Detroit? Do you know anything about him?

Mr. LaFORGE. No. This was given to me as confidential, and I don't know if that is the same Lefty Clark.

The CHAIRMAN. That is the same Lefty Clark that is known as William Bischoff, isn't it, who also operated in Florida?

Mr. LaFORGE. I don't know if it's the same one. It's very possible that it is the same one.

The CHAIRMAN. And operated in Toledo, Ohio, as well as in the State of Michigan?

Mr. LAFORGE. It is possible he is the same one; yes, sir.

The CHAIRMAN. Well, the evidence before this committee shows that it is the well-known William Bischoff, Lefty Clark, alias William Bischoff, who has operated in many States and is a well-known operator. That is a pretty serious matter, isn't it, when you have out-of-State racketeers operating—of course, it is serious within State racketeers, but particularly when out-of-State people like Lefty Clark are operating, and Joe Adonis.

Mr. LAFORGE. I agree with you, Senator Kefauver.

The CHAIRMAN. Yes. Now, how long did you say you had been with the New York State Department?

Mr. LAFORGE. Twenty-six years, sir.

The CHAIRMAN. Some district attorney testified that back in 1939 or 1940, or perhaps it was 1938, that he closed up places in Saratoga. Did you know about that?

Mr. LAFORGE. No. At that time, 1938, I was not stationed there at the time; no, sir.

The CHAIRMAN. You wouldn't have known about it?

Mr. LAFORGE. But I am familiar with what you are talking about; yes, sir.

The CHAIRMAN. But they were closed up for 2 or 3 years during that time; is that correct?

Mr. LAFORGE. I believe so; yes, sir.

The CHAIRMAN. As a matter of fact, when the parimutuel machines were first put in, didn't the Governor of New York have them closed up and they remained closed for 2 or 3 years?

Mr. LAFORGE. I believe someone closed them up. I don't know who it was.

The CHAIRMAN. That was about 1938 or 1939, about that time?

Mr. LAFORGE. I wouldn't be familiar with that whatsoever.

The CHAIRMAN. But all through the forties they operated till 1950. These clubs didn't open up in 1950, did they?

Mr. LAFORGE. No, sir; they did not.

The CHAIRMAN. Why was that, do you know?

Mr. LAFORGE. I had instructions from my superior, Chief Inspector McGarvey, to keep them closed, and in the event they opened to make the proper seizure and arrests.

The CHAIRMAN. You also know that this committee had investigators in Saratoga during that time also?

Mr. LAFORGE. I didn't know that, but I found out since that they had. I heard some place, probably it was in this building, that they did. I did not know that at the time.

The CHAIRMAN. As I understand it, you made a detailed report on each one of these six or seven gambling places, and this was turned over to Mr. McGarvey, the chief inspector; is that correct?

Mr. LAFORGE. That's correct, sir.

The CHAIRMAN. Then, on the same day they were given to Mr. McGarvey, Mr. McGarvey wrote a summary or a memorandum to the superintendent, Mr. Gaffney, which described what you found in each of these reports in summary form; isn't that correct?

Mr. LAFORGE. I saw that report the first time on February 12, 1951; yes, sir.

The CHAIRMAN. This is in evidence, is it not? Mr. Halley, is this in evidence now, do you know?

Mr. HALLEY. Yes; that is in evidence in our executive session.

The CHAIRMAN. Do you know Paul Lockwood, Mr. LaForge?

Mr. LaFORGE. I have known Mr. Lockwood for perhaps 27 years.

The CHAIRMAN. Do you know Mr. Walsh?

Mr. LaFORGE. No; I never met Mr. Walsh in my life.

The CHAIRMAN. Well, did you talk with Mr. Lockwood about this matter?

Mr. LaFORGE. I have never discussed this matter or any other police matter with Mr. Lockwood in my life.

To make you acquainted with my acquaintance with Mr. Lockwood, I know Mr. Lockwood through athletic circles since the early twenties, and since he has been in Albany, I have probably met Mr. Lockwood three or four times, and that would be just, "How are you? How is your good health?" And so on and so forth.

The CHAIRMAN. So you did not tell him about it?

Mr. LaFORGE. Oh, no, sir.

The CHAIRMAN. I noticed in the report that we had, which is in evidence in the executive hearing, that a great many licenses, liquor licenses, have been suspended from time to time for operating after hours, or for having some gambling operation in connection with it, but I did not notice that any in Saratoga had been suspended. Yet you say they were operating after hours, and also they had liquor right in connection with their gambling operations; isn't that correct?

Mr. LaFORGE. That is correct, Senator.

The CHAIRMAN. How about this after hours operation? Why weren't they suspended? Why didn't you make some report about them?

Mr. LaFORGE. Why, I was just asked to make a report on the gambling situation.

The CHAIRMAN. Well, it was well known to anyone who would come there that they were operating after hours, wasn't it?

Mr. LaFORGE. The Saratoga police were there to enforce that.

The CHAIRMAN. Well, if anybody from the State police came there, he could see it very plainly, couldn't he?

Mr. LaFORGE. That's right.

The CHAIRMAN. And also it is illegal, an amount to a forfeiture of the license if you have gambling in connection with the liquor license; isn't that right?

Mr. LaFORGE. You are perfectly correct, Senator.

The CHAIRMAN. Do you know why the liquor board did not withdraw those liquor licenses?

Mr. LaFORGE. No, sir; I didn't.

The CHAIRMAN. They would have no trouble in walking in and seeing what was going on?

Mr. LaFORGE. None whatsoever.

The CHAIRMAN. No one questioned you at any of these six or seven places?

Mr. LaFORGE. Yes, sir; they have—who do you mean by the question?

The CHAIRMAN. I mean no one prohibited you from going into any of these places?

Mr. LaFORGE. No, sir.

The CHAIRMAN. Now, the time before the order to close the places up at one time, you say that was after the season when you got the order?

Mr. LaFORGE. October 1950.

The CHAIRMAN. October 1950?

Mr. LaFORGE. Yes.

Mr. HALLEY. Those you mean October 1949, the first time?

Mr. LaFORGE. Yes, sir. I am sorry.

The CHAIRMAN. 1949. When is the season over up there?

Mr. LaFORGE. Well, the gambling season or the race-track season? Is that what you mean?

The CHAIRMAN. The gambling season.

Mr. LaFORGE. It is over now, I guess.

The CHAIRMAN. But when you got this order in October 1949, you could not find any gambling, could you, except slot machines?

Mr. LaFORGE. Maybe a few slot machines, or a horse room, or something.

The CHAIRMAN. In other words, Piping Rock and the Chicago Club and Arrowhead and the others closed down?

Mr. LaFORGE. Yes, sir.

The CHAIRMAN. Do you know why you didn't get the order to go in earlier to close up the places?

Mr. LaFORGE. No, sir; I do not.

The CHAIRMAN. All right; that is all.

Who is our next witness?

Mr. SHIVITZ. Mr. McGarvey.

The CHAIRMAN. Mr. McGarvey, will you please come around?

Mr. McGarvey, do you solemnly swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McGARVEY. I do.

TESTIMONY OF FRANCIS S. MCGARVEY, CHIEF INSPECTOR, NEW YORK STATE POLICE DEPARTMENT

The CHAIRMAN. Now, gentlemen, let us get to the point of the testimony as quickly as possible.

Mr. SHIVITZ. Mr. McGarvey, you are the chief inspector of the State police of the State of New York?

Mr. MCGARVEY. That is true.

Mr. SHIVITZ. And you have been for how long?

Mr. MCGARVEY. Since July 6, 1945.

Mr. SHIVITZ. How long have you been a member of the force?

Mr. MCGARVEY. Thirty-three years.

Mr. SHIVITZ. And in the summer of 1947 you received a request with respect to the investigation of gambling in the city of Saratoga; did you not?

Mr. MCGARVEY. That is true.

Mr. SHIVITZ. From whom did you receive the request?

Mr. MCGARVEY. Superintendent John A. Gaffney.

Mr. SHIVITZ. What did he ask you?

Mr. MCGARVEY. To make a survey of conditions in gambling in Saratoga.

Mr. SHIVITZ. Did he tell you for whom he was requesting this?

Mr. McGARVEY. No.

Mr. SHIVITZ. And you carried those instructions through by transmitting them to Inspector LaForge?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. And shortly thereafter, you received a report from him dated August 6?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. And you condensed that report, his original report, covering six sheets? You condensed that to about two pages of a memorandum?

Mr. McGARVEY. True.

Mr. SHIVITZ. Giving the important, or what you considered vital, statistics which had been in LaForge's report?

Mr. McGARVEY. True.

Mr. SHIVITZ. And you transmitted both LaForge's report and your own condensation thereof to your superior, Superintendent Gaffney?

Mr. McGARVEY. I did.

Mr. SHIVITZ. Did you hand it to him yourself or did you send it to him?

Mr. McGARVEY. I handed it to him.

Mr. SHIVITZ. Did you say anything to him when you handed it to him?

Mr. McGARVEY. To the extent that it looked like a sizable job, if we were called in to suppress it—something in that substance.

Mr. SHIVITZ. Like a big operation?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. Did you say anything to LaForge when you received his memorandum?

Mr. McGARVEY. Not that I recall.

Mr. SHIVITZ. Now, coming to the report itself, would you please look at it [handing a document to Mr. McGarvey]?

You will recall that the exhibit, which you have in your hand, is a carbon copy of your memorandum, together with the original of LaForge's; is that correct?

Mr. McGARVEY. Yes.

Mr. SHIVITZ. Now, when you transmitted the report to Superintendent Gaffney, you transmitted the original of LaForge's report to him, did you not—the one you have in your hand now?

Mr. McGARVEY. The original of the memorandum; yes.

Mr. SHIVITZ. The one you have in your hands now?

Mr. McGARVEY. Yes; the original of this memorandum.

Mr. SHIVITZ. I am talking about LaForge's, which is underneath.

Mr. McGARVEY. Oh, yes; that is true.

Mr. SHIVITZ. Did you see it there?

Mr. McGARVEY. Yes.

Mr. SHIVITZ. The one you have in your hand there is the one you gave Superintendent Gaffney?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. And affixed to it was what?

Mr. McGARVEY. My memorandum.

Mr. SHIVITZ. And this is a duplicate of a carbon of your memorandum?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. Did you also transmit to Superintendent Gaffney a carbon of your memorandum, together with the original thereof?

Mr. McGARVEY. This is the carbon of the memorandum. I also submitted an original with this carbon.

Mr. SHIVITZ. I see. So you submitted an original and a carbon?

Mr. McGARVEY. And a carbon.

Mr. SHIVITZ. Of this memorandum, together with LaForge's original, to the superintendent?

Mr. McGARVEY. That is true.

Mr. SHIVITZ. And when we acquired these documents, you know that we only acquired the original LaForge memorandum and the carbon which you now have in your hands?

Mr. McGARVEY. That is true.

Mr. SHIVITZ. Now, in transmitting it to the superintendent, what was your understanding of the purpose for which he required it?

Mr. McGARVEY. I assumed that he felt that we were going to be called in to suppress the gambling conditions in Saratoga in 1947.

Mr. SHIVITZ. And when you got the evidence of the condition from your Inspector LaForge and transmitted it to him, you thought you would get orders to stop it; is that correct?

Mr. McGARVEY. I looked forward to it; yes.

Mr. SHIVITZ. As a matter of fact, based on your many years of police experience, it is your opinion that whenever there is evidence of crime brought to a police body, action is called for; isn't that correct?

Mr. McGARVEY. That is true.

Mr. SHIVITZ. But none was forthcoming in this instance?

Mr. McGARVEY. Not that I heard.

Mr. SHIVITZ. Now, the original of this memorandum which you prepared for Superintendent Gaffney, was that on the same paper that you have before you now—the white sheets?

Mr. McGARVEY. Well, I would say, to the best of my recollection, it would be on official paper.

Mr. SHIVITZ. So that when you told the committee at the executive session that you thought it was on the same blank paper, you were in error?

Mr. McGARVEY. I must have been. I am quite sure I would have submitted it on regular official paper—that is, the original.

Mr. SHIVITZ. Well, do you recall that at the executive session, page 5290 of your testimony, you were asked by committee counsel:

Was the original—

that is referring to the same memorandum—

on a State police letterhead or on blank paper?

You answered:

The memorandum?

Counsel said:

Yes.

And you said:

I believe it was on a blank paper—just a memorandum.

So that you were probably mistaken when you gave that testimony?

Mr. McGARVEY. I probably was.

Mr. SHIVITZ. You have since returned to Albany and seen that original, and you know it is on a letterhead of the police?

Mr. MCGARVEY. That's right.

Mr. SHIVITZ. Now, when you left the hearing of the executive session of this committee in February, did you attempt to communicate with Mr. Gaffney and advise him that we wished to see him again?

Mr. MCGARVEY. Yes.

Mr. SHIVITZ. And did you reach him that evening?

Mr. MCGARVEY. I did.

Mr. SHIVITZ. Where did you reach him?

Mr. MCGARVEY. At the barracks in Hawthorne.

Mr. SHIVITZ. And did you tell him that we inquired about the original of this memorandum?

Mr. MCGARVEY. I don't know that I knew that you wanted that at that time. The only thing that I recall is that you wanted him back here.

Mr. SHIVITZ. Don't you recall we asked about the original of the memorandum?

Mr. MCGARVEY. I don't recall that; no.

Mr. SHIVITZ. You just heard the testimony that I read to you.

Mr. MCGARVEY. I what?

Mr. SHIVITZ. You just heard me read to you from your testimony about the original of that memorandum?

Mr. MCGARVEY. Yes.

Mr. SHIVITZ. Doesn't that refresh your recollection that we discussed it at the time?

Mr. MCGARVEY. What I recall is: when I was leaving the chamber, you asked if Superintendent Gaffney was here, and I went outside; and then one of the—I think it was Mr. Walsh—came out and was looking for him and asked if I saw him, to have him get in touch with the commission.

Mr. SHIVITZ. Your recollection in that connection is correct. But you also recall that while you were before the committee you were asked about the original of this memorandum?

Mr. MCGARVEY. That's right.

Mr. SHIVITZ. And did you advise Mr. Gaffney of that?

Mr. MCGARVEY. No; I don't believe I did. I advised him that you wanted him back, or to get in touch with the commission as soon as he could.

Mr. SHIVITZ. When did you get back to Albany?

Mr. MCGARVEY. Oh, I think probably—I went back the next day.

Mr. SHIVITZ. Before you went back to Albany, you stopped at Hawthorne and you saw Superintendent Gaffney; did you not?

Mr. MCGARVEY. No. I called him on the phone from the hotel at Hawthorne, and advised him that you were looking for him.

Mr. SHIVITZ. And you didn't discuss the—

Mr. MCGARVEY. About the original?

Mr. SHIVITZ. The original.

Mr. MCGARVEY. I don't recall that I did.

Mr. SHIVITZ. Well, when you got back to Albany on the following day, when was it—toward evening?

Mr. MCGARVEY. Around about 3 o'clock.

Mr. SHIVITZ. When you got there, you were advised that two men, investigators for this committee, had been there earlier in the day, weren't you?

Mr. McGARVEY. Yes.

Mr. SHIVITZ. Before your return?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. And your people in Albany in your office told you that these investigators were looking for the original of this memorandum; do you recall that?

Mr. McGARVEY. No; I don't recall them asking.

Mr. SHIVITZ. Did you ask your people what these men wanted?

Mr. McGARVEY. Well, when I got back, I was only there a very short time and I left; and I don't recall them telling me outside that the investigators were looking for Superintendent Gaffney.

Mr. SHIVITZ. They didn't tell you what they wanted?

Mr. McGARVEY. No, I don't believe they did.

Mr. SHIVITZ. Can you explain this, Chief Inspector McGarvey: You, Superintendent Gaffney, and Inspector LaForge were in our office—I think that was the 13th, wasn't it?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. And up to the time that the superintendent left, no question had been raised with respect to this original memorandum. But after his departure, we took that matter up with both you and Inspector LaForge. Now, Inspector LaForge has testified here this morning that he never mentioned anything about this original memorandum to Superintendent Gaffney. You say the same thing. Gaffney was unaware of our interest in that report. In that same night, we sent these two investigators to Albany to obtain it. And when they got there, they were told that it had already been sent the night before to Superintendent Gaffney of Hawthorne.

Can you explain how the information got to Superintendent Gaffney, or to your Albany office, of the committee's interest in this document?

Mr. McGARVEY. Well, I don't recall mentioning it to him.

Mr. SHIVITZ. Is it your testimony now that you may have?

Mr. McGARVEY. Well, if that is the incident, I may have; but I don't recall it.

Mr. HALLEY. Don't you remember that the only reason you were called back to the stand was because I wanted to know from you where the original of your report had gone and whether or not the original hadn't in fact been sent on some place else?

Mr. McGARVEY. I recall you spoke to me about it; yes.

Mr. HALLEY. That was the only reason you were called back to the stand, wasn't it?

Mr. McGARVEY. I believe it was.

Mr. HALLEY. In the light of that, how can you answer Mr. Shivitz and say you can't remember whether or not you told Superintendent Gaffney about the matter?

Mr. McGARVEY. Well, I don't recall telling him about wanting the report. The only thing that I thought was most important, for him to contact the office here, which he did.

Mr. HALLEY. Well, you were asked where the original went; is that right?

Mr. McGARVEY. Yes.

Mr. HALLEY. And you said it went to Gaffney?

Mr. McGARVEY. That's right.

Mr. HALLEY. And you said you didn't know what Gaffney did with it?

Mr. McGARVEY. That is true.

Mr. HALLEY. You said you couldn't tell whether he had sent the original on to some other office, which might explain why he only had the carbon; you just didn't know about it; is that right?

Mr. McGARVEY. That is the best of my knowledge. I don't recall telling him anything about the original. I may have, but I don't recall it. I thought—

Mr. HALLEY. That was the point when you were directed to get Gaffney back in.

Mr. McGARVEY. My most important message to him was to contact the commission as soon as possible. Now, I don't know whether he did or not.

Mr. HALLEY. The thing that the committee was worried about was, where did the original of the report go; isn't that right?

Mr. McGARVEY. I assume it was; yes.

Mr. HALLEY. That is what you were to contact Gaffney about, otherwise we didn't need him.

Mr. McGARVEY. That's right. Well, I don't know whether he contacted you that night or not.

Mr. HALLEY. You contacted him, though, did you not?

Mr. McGARVEY. That's right.

Mr. HALLEY. Do you mean to say that under those circumstances a trained officer like yourself failed to mention the occasion of the committee's wanting Gaffney back?

Mr. McGARVEY. I told him that.

Mr. HALLEY. You told him we wanted him back?

Mr. McGARVEY. I told him you wanted him back, to communicate with you directly.

Mr. HALLEY. And you told him, did you not, that the reason was that we were wondering where to find the original of your report?

Mr. McGARVEY. Well, I don't recall that I said that. I may have. I thought the important mission was for him to contact the commission as soon as possible.

Mr. HALLEY. It would hardly be reasonable for you to have neglected to say it, wouldn't it?

Mr. McGARVEY. Well, it is possible I may have. I just don't recall that, but I may have.

Mr. HALLEY. Well, it wouldn't make any sense for you to call him up and not tell him that that is what it was all about.

Mr. McGARVEY. Well, I didn't really know whether that was what it was all about.

Mr. HALLEY. Well, that is what we had called you back in for.

Mr. McGARVEY. You called me back and asked me about that.

Mr. HALLEY. There was nothing else.

Mr. McGARVEY. To the best of my knowledge you asked me about a conversation.

Mr. HALLEY. With Gaffney.

Mr. McGARVEY. That's right.

Mr. HALLEY. And it all surrounded what happened to the original of the report.

Mr. McGARVEY. Well, I didn't accept it as that way.

Mr. HALLEY. Well, when you called Gaffney up didn't he says, "What the devil do they want me back for?"

Mr. MCGARVEY. No, he said, "I must get in touch with them right away?"

I says, "Yes."

Mr. HALLEY. He didn't ask what for? He showed no curiosity?

Mr. MCGARVEY. No, he didn't, to the best of my recollection. He asked who wanted him. I said the commission. I said your particularly, and I said Mr. Walsh came out and was looking for him and I told him what I would do to try to locate him, which I found him at the barracks, when I phoned him.

Mr. HALLEY. You say it was me particularly?

Mr. MCGARVEY. You asked me to have him return.

Mr. HALLEY. What was I particularly worried about?

Mr. MCGARVEY. Well, I assume that you wanted to reexamine him or something.

Mr. HALLEY. And what was I asking you about at that point?

Mr. MCGARVEY. You asked me about the things in general, about this report.

Mr. HALLEY. Where the original was?

Mr. MCGARVEY. Yes.

Mr. HALLEY. We had quite a discussion about it.

Mr. MCGARVEY. That's right.

Mr. HALLEY. And you mean to say that under those circumstances you didn't tell him that we were fussing about the report?

Mr. MCGARVEY. I don't say I didn't tell him. I just don't recall that.

Mr. HALLEY. But you might have?

Mr. MCGARVEY. I may have said.

Mr. HALLEY. That is as far as you will go?

Mr. MCGARVEY. But I thought the important mission was for him to call the commission.

Mr. HALLEY. And to bring the report with him if he had it; wasn't that part of it?

Mr. MCGARVEY. No, I didn't refer to any report whatsoever, that I can recall.

Mr. HALLEY. Thank you.

Mr. SHIVITZ. Mr. McGarvey, when you say Mr. Walsh came out, you mean Mr. James Walsh, counsel for this committee?

Mr. MCGARVEY. Yes.

Mr. SHIVITZ. Not Lawrence Walsh, counsel for the Governor?

Mr. MCGARVEY. No, Mr. Walsh on the commission here.

Mr. SHIVITZ. On that subject, did you ever discuss this situation with Mr. Walsh, the Governor's counsel?

Mr. MCGARVEY. No.

Mr. SHIVITZ. Since the occurrence?

Mr. MCGARVEY. No.

Mr. SHIVITZ. Do you recall, or were you told, rather, by Superintendent Gaffney that shortly after you were here I phoned him about the original of this?

Mr. MCGARVEY. That's right.

Mr. SHIVITZ. Were you present when I spoke to him?

Mr. MCGARVEY. No.

Mr. SHIVITZ. Did I discuss it with you on the phone, or was it the superintendent? I don't remember.

Mr. MCGARVEY. No, you didn't discuss it with me.

Mr. SHIVITZ. It was the superintendent. He did tell you I called him?

Mr. MCGARVEY. Yes.

Mr. SHIVITZ. Did he also tell you that when I asked for the original he had been informed by the Governor's counsel not to give us the original?

Mr. MCGARVEY. He didn't tell me that.

Mr. SHIVITZ. He didn't tell you that?

Mr. MCGARVEY. No.

Mr. SHIVITZ. That is not policy, is it?

Mr. MCGARVEY. I don't know.

Mr. SHIVITZ. You don't know of any policy in that connection?

Mr. MCGARVEY. No.

Mr. SHIVITZ. I think that I observed from your demeanor when you testified originally that you were genuinely sorry when you transmitted this report that you didn't get orders to go into action and close that gambling; is that correct?

Mr. MCGARVEY. Yes. I would have been very glad to close it.

Mr. SHIVITZ. But the way things were, your hands were tied?

Mr. MCGARVEY. Well, I didn't get any orders. I can say this, that any trooper would be very glad to suppress any of these things. But the policy has been laid down that we do not go into cities except where we are ordered in by other authorities. We do not originate any complaints in any cities. This, in police terms, would have been a pushover to suppress. This was all in one place. It was very easy to suppress. Any police organization could have suppressed that.

Mr. SHIVITZ. As a matter of fact, there would have been no danger to your men and no great hardship?

Mr. MCGARVEY. None whatsoever.

Mr. SHIVITZ. If you had troopers—

Mr. MCGARVEY. Our investigations of types of this kind in lotteries far much more extended and troublesome and more work involved having centered all over the State. We have had a lottery investigation that involved millions of dollars, particularly in 1948. We crushed four of the most notorious lottery rings in the State. That was spread all over the State, in many, many counties. This thing is in one spot. If it was necessary, if we got the orders to suppress this place, we had grounds to start out here with at least sufficient detail to suppress it without any trouble whatsoever.

Mr. SHIVITZ. As a matter of fact, Chief Inspector, is it not a fact that all you have to do is send word out and they don't open up?

Mr. MCGARVEY. They what?

Mr. SHIVITZ. They wouldn't open up if you sent word out there would be no gambling here this year?

Mr. MCGARVEY. Well, we sent out word?

Mr. SHIVITZ. If word went out.

Mr. MCGARVEY. Well, I don't know what you mean by that. We would never send any word out. This is confined strictly to a local authority.

Mr. SHIVITZ. You did get orders in 1950 to stop it?

Mr. MCGARVEY. That's right.

Mr. SHIVITZ. And as a matter of fact, in 1950, when you got your orders to stop it, none of the big places opened?

Mr. McGARVEY. That's true.

Mr. SHIVITZ. So that they were aware of your orders, and your action, before the time came for them to open, and they acted accordingly?

Mr. McGARVEY. That's right.

Mr. SHIVITZ. I have no further questions.

The CHAIRMAN. Senator Tobey.

Senator TOBEY. Mr. McGarvey, when you were before us—and I want to repeat for the sake of the record—you testified, as you have repeated today, that this admirable report of Mr. LaForge, which has oppressed us all, and oppressed you, apparently; when you received it, you transmitted it to your chief; is that right?

Mr. McGARVEY. That is true.

Senator TOBEY. And I said, "He talked it over with you"; and you said, speaking now, Mr. McGarvey:

Well, to the best of my knowledge, he went over it and said that it looks like a pretty good-sized operation. And he said, "I think, from the contents of this report, LaForge should be called in to investigate, we would have to have a sizable detail to handle it because of the size of the report."

So that contradicts your testimony of the thing as a pushover, apparently.

Then I go on:

Senator TOBEY. So he was impressed with the animity of the thing, and he said there was a sizable operation there.

Mr. McGARVEY. That is right.

Senator TOBEY. What did he do with the report?

Mr. McGARVEY. Well, I don't know whether he put it in the confidential file or what. I don't know.

Senator TOBEY. You say he put it in the confidential file?

Mr. McGARVEY. Yes; his own confidential file.

Senator TOBEY. Do you mean it was there to repose?

Mr. McGARVEY. I believe so.

Senator TOBEY. What in your judgment as a thoughtful man and an official of the State of New York, was the reason for the extenuating circumstances, if any, that caused this report which made Gaffney raise his eyebrows, and say it was a sizable thing, then to have him put it in his confidential file and seal it up; what would be your idea for the reason of that treatment of the report?

Mr. McGARVEY. The only reason I can give you is that no complaint was made against gambling in Saratoga.

Senator TOBEY. And he says it a little louder today—"the only complaint was the report itself, wasn't it?"

Analyze these answers and questions: The report was instituted and LaForge did a great job. He gave the report to you. You took it to your chief. And when I pressed you why something wasn't done, you simply say, "We had to wait for a complaint."

Am I to understand that in the great Empire State of New York, when the chief of the State police, and his deputy, you, and Mr. LaForge, and all down through, have this report in your possession, telling of these conditions of animity and crookedness in Saratoga, that you have got to sit by and hold that report in your hands until some Tom, Dick and Harry says, "I want to make a complaint?"

The report is the complaint. The evidence is the complaint, produced by your men.

Do you agree with me?

Mr. McGARVEY. No.

Senator TOBEY. Well, go ahead and tell me how you explain it.

Mr. McGARVEY. Our reports are made; this is a survey that was made to find out the location of these places.

Senator TOBEY. Yes.

Mr. McGARVEY. And to find out if the existing rumors did really exist?

Senator TOBEY. And you found out they did.

Mr. McGARVEY. They did.

Senator TOBEY. Yes.

Mr. McGARVEY. That was our survey.

Senator TOBEY. Yes.

Mr. McGARVEY. Anticipating that we would be called in.

Senator TOBEY. Hoping you wouldn't?

Mr. McGARVEY. No. Hoping we would.

Senator TOBEY. You were hoping you would?

Mr. McGARVEY. Hoping we would.

Senator TOBEY. Didn't you have authority, as police chief of New York State, with the evidence in your hands in this report, to have gone in there and closed it up?

Mr. McGARVEY. No.

Senator TOBEY. Why not?

Mr. McGARVEY. Because the policy has been laid down.

Senator TOBEY. I don't give a damn about the policy. Haven't you got the power to do it?

Mr. McGARVEY. We have got to function by the policy and the system.

Senator TOBEY. Can't you suppress crime anywhere on evidence?

Mr. McGARVEY. In our presence; yes. Our duties are confined to the rural districts, and not in places where cities are organized, police departments are.

Senator TOBEY. I ask you this direct question: Didn't your Chief Gaffney, and you, and the State police, have the power, with that report in your hands, to go on into Saratoga and clean it up pronto?

Mr. McGARVEY. Well, we could if we stepped out of the usual policy.

Senator TOBEY. Of course you could. Step out of the dead parts, and be a live one.

Mr. McGARVEY. I think they should strike that policy out.

Senator TOBEY. Listen to this [reading]:

Senator TOBEY. The report itself showed a breaking of the law, didn't it?

Mr. McGARVEY. That is right.

Senator TOBEY. And you had been sworn to uphold the law, had you not?

Mr. McGARVEY. Yes.

Senator TOBEY. Therefore, by acting in a negative manner, and putting this in a confidential file, you broke your oath of office to enforce the law.

Mr. McGARVEY. I take my orders from the superintendent.

Senator TOBEY. Then he broke his oath of office, didn't he?

Mr. McGARVEY. Well—

And then you stopped.

I think it is conclusive. It is these conditions we have enunciated here, not with any personal bias in the matter, it is these conditions of breakdown in law and order and enforcement over this Nation that is causing the American people, as they hear this evidence over the mystic radio, and this television, to say, "What has come over this country; and can we ever get back on a level keel where the law has some meaning to it, and where officials obey the law, and where men en-

trusted with the guidance of public safety will fight for that safety and not be controlled by technicalities; try to make this Nation a decent Nation all along the line for the sake of generations to come.”

That is the vision you ought to have. That is the power you had. Instead of that, you are passive yourself.

Mr. HALLEY. When you told Senator Tobey that your powers are limited, did you not mean that they were limited subject to the fact that the Governor of the State could order you to go into Saratoga?

Mr. McGARVEY. That's right.

Mr. HALLEY. With an order from the Governor?

Mr. McGARVEY. Or the mayor.

Mr. HALLEY. Or the mayor?

Mr. McGARVEY. And we have——

Mr. HALLEY. The State police could act?

Mr. McGARVEY. And we have gone into places on the request of the district attorney.

Mr. HALLEY. That is a simple order; it doesn't have to be a complicated thing at all; does it?

Mr. McGARVEY. No.

Mr. HALLEY. He just writes out an order and signs a name?

Mr. McGARVEY. Well, he may authorize us verbally?

Mr. HALLEY. When did you first ask Inspector LaForge to make this report?

Mr. McGARVEY. I believe it was the first part of August.

Mr. HALLEY. 1947?

Mr. McGARVEY. 1947.

Mr. HALLEY. And a few days later he came back to you with the report?

Mr. McGARVEY. I believe it is the sixth.

Mr. HALLEY. And he delivered it in person; is that right?

Mr. McGARVEY. Yes. He phoned me first as to the contents of it, and then he delivered the report in person, to the best of my recollection.

Mr. HALLEY. It is quite common for him to make reports to you; is that right?

Mr. McGARVEY. Oh, yes.

Mr. HALLEY. He generally mails them to you; does he not?

Mr. McGARVEY. Well, yes, sir; ordinarily he does.

Mr. HALLEY. Why was this one delivered in person?

Mr. McGARVEY. Well, I wanted to find out exactly what was going on.

Mr. HALLEY. That is the usual purpose for a report, is it not?

Mr. McGARVEY. I mean, without delay. Because you got about 25 days to operate up there; if you are called in to suppress the situation like that. That thing ends up there in about 4 weeks.

Mr. HALLEY. You were going to move, if you were going to move, you would have to move fast?

Mr. McGARVEY. That's true.

Mr. HALLEY. And you sat right down and dictated your own report; is that right?

Mr. McGARVEY. That's right.

Mr. HALLEY. The same day?

Mr. McGARVEY. That's right.

Mr. HALLEY. And you went right over to see Mr. Gaffney?

Mr. MCGARVEY. That's right.

Mr. HALLEY. The same day?

Mr. MCGARVEY. That's right.

Mr. HALLEY. And you delivered your report to him?

Mr. MCGARVEY. True.

Mr. HALLEY. When Mr. Gaffney asked you to have the report made, did he make any statement to you about what it was for?

Mr. MCGARVEY. No.

Mr. HALLEY. Told you nothing about it?

Mr. MCGARVEY. No.

Mr. HALLEY. Did he say he was hoping to act in a hurry?

Mr. MCGARVEY. No. He just tells me to do these, conduct an investigation. He doesn't give me any reasons why. I submit reports to him, and that's about the—

Mr. HALLEY. He didn't tell you he had a complaint?

Mr. MCGARVEY. No, he didn't.

Mr. HALLEY. So there was no particular reason to rush the report back to him, as far as you know?

Mr. MCGARVEY. As far as I know, I know that you would only be able to operate in there within a limited time. That if we were going to be called in, we would have to do it very rapidly.

Mr. HALLEY. You were never called in before, were you, in all these years?

Mr. MCGARVEY. Yes.

Mr. HALLEY. When? 1938?

Mr. MCGARVEY. No. I wasn't called in. But the State police were called in in 1941.

Mr. HALLEY. In 1941?

Mr. MCGARVEY. Yes.

Mr. HALLEY. Then 6 years had gone by without your being called in?

Mr. MCGARVEY. That's right. Of course, the track wasn't open during the war. There wasn't any activity there at all.

Mr. HALLEY. But then you made this investigation, and you thought that something might happen any minute; is that right?

Mr. MCGARVEY. I assumed that we would be called in to suppress that gambling situation.

Mr. HALLEY. Wasn't there any other reason for the undue haste with which LaForge delivered that report to you, and you made your own report the same day and delivered your report to Gaffney?

Mr. MCGARVEY. There wasn't any reason. The only thing is, I would like to prepare for an investigation—for an arrest, or razing on these places, I would like to prepare within reasonable time, to get a sizable detail.

Mr. HALLEY. When you were there, were you right there when Gaffney put this report in the confidential file?

Mr. MCGARVEY. No.

Mr. HALLEY. How do you know he put it in the confidential file?

Mr. MCGARVEY. I assumed that.

Mr. HALLEY. You handed it to him. Did he say anything about what he was going to do with it?

Mr. MCGARVEY. Not a thing; no.

Mr. HALLEY. You just handed him a report?

Mr. MCGARVEY. That's right.

Mr. HALLEY. And you left?

Mr. MCGARVEY. I did.

Mr. HALLEY. Thank you.

Mr. SHIVITZ. No further questions.

The CHAIRMAN. Mr. McGarvey, only one question: Why did you limit the investigation to gambling, so far as Mr. LaForge is concerned? Do you not have jurisdiction also to investigate violation of the ATU laws about gambling in connection with serving of liquor and beverages?

Mr. MCGARVEY. Well, if we make an arrest of a place for gambling that has a license, we submit our report to the State alcoholic beverage control.

The CHAIRMAN. Why didn't you instruct Mr. LaForge to also investigate that matter? He found on his own, and it is common knowledge apparently, that these places were operating after hours, in violation of the alcohol tax law, or license law; that they were operating in connection—the license also had gambling. Why didn't you ask him to investigate that also?

Mr. MCGARVEY. Well, the only thing that I can say there is that we asked him to make a survey, and not a specific investigation.

The CHAIRMAN. Well, why didn't you ask him to make a survey of those matters?

Mr. MCGARVEY. Well, that, I think—we would determine that at the time that we made the raids on the places.

The CHAIRMAN. Frankly, what I have been unable to understand is that I have seen reports of revocation of liquor licenses issued by the board, the State board. They have several with small operators apparently in different parts of New York, where they revoke the license for operating after hours, where they revoked the license for operating various small, little gambling operations. And I can't understand why they would let these licenses remain in effect with big-time racketeers operating in Saratoga, not only after hours but with gambling operations right in connection with it, and allow them to go on and not revoke their licenses, when the record is filled with very small operators, with small violations, where they have been revoked.

Now, you have some jurisdiction in that matter, and what is the answer to it?

Mr. MCGARVEY. Well, our jurisdiction in that is to report those cases to the alcoholic beverage control board.

The CHAIRMAN. Well, it would have been very easy for Mr. LaForge, when he walked into these places and counted the number of roulette tables and wheels, the number of crap tables, when he saw what was going on after hours, and saw the gambling—why didn't you also ask him to give you a report about the violation of the alcohol tax laws or the license laws? Did Mr. Gaffney tell you to limit your investigation to gambling; is that the deal?

Mr. MCGARVEY. Well, he asked me to make a survey of the gambling situation in Saratoga.

The CHAIRMAN. Gambling, and gambling alone?

Mr. MCGARVEY. That's it.

The CHAIRMAN. It must have been expressly limited to gambling and not a general investigation of the laws these places were violating, because all of the details about gambling are set out in the reports, but the reports studiously seem to avoid anything about the alcoholic license that these places have. So he must have been instructed by you to specifically limit his report to gambling and not to bring in these other matters.

Mr. McGARVEY. Well, it wasn't limited. He was instructed to make a survey of the gambling conditions there at the time.

The CHAIRMAN. All right. Anything else?

Let's have a 10-minute recess.

(Whereupon, a 10-minute recess was taken.)

The CHAIRMAN. Mr. Tom Schroth, of the Brooklyn Eagle, has contacted the committee with this message: That the Red Cross, through 35,000 housewives, will conduct a special campaign this week to raise funds for the Red Cross, but due to the televising of the Senate Crime Committee hearings they have all been glued to their television sets, and they want the chairman to make an announcement about it and urge them all to get out and work doubly hard while the committee is in recess, and I am glad to make that announcement.

Now, Mr. Gaffney, do you solemnly swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GAFFNEY. I do.

TESTIMONY OF JOHN A. GAFFNEY, SUPERINTENDENT OF THE NEW YORK STATE POLICE

The CHAIRMAN. All right, Mr. Shivitz.

Mr. SHIVITZ. Mr. Gaffney, you are the superintendent of the New York State Police, are you not?

Mr. GAFFNEY. That's correct.

Mr. SHIVITZ. And you have been since December of 1943?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. And how long have you been a member of that organization?

Mr. GAFFNEY. Twenty-eight years.

Mr. SHIVITZ. In the summer of 1947, you made a request, through channels, for an investigation or survey of gambling conditions in Saratoga, did you not?

Mr. GAFFNEY. That's right.

Mr. SHIVITZ. Will you please tell the committee what prompted that action on your part?

Mr. GAFFNEY. Well, that track was not operating during the war years at Saratoga, and in 1946, as I recall, they hadn't got completely started, but in 1947, it looked as though things were starting to get in full bloom up there again, and I thought we ought to have a check on the possible places in operation up there.

Mr. SHIVITZ. Well, in 1946, you knew there had been some activity in Saratoga, did you not?

Mr. GAFFNEY. Yes; I heard that there had been.

Mr. SHIVITZ. But you got no instructions to do anything about it?

Mr. GAFFNEY. Instructions?

Mr. SHIVITZ. That's correct.

Mr. GAFFNEY. No, sir.

Mr. SHIVITZ. You got no requests to take any action from any local authority?

Mr. GAFFNEY. That's correct.

Mr. SHIVITZ. And in 1947, if I understand your testimony correctly, the war having been over, there having been some slight activity the year before, in anticipation of some possible greater activity in the then current year, you thought it would be well to inform yourself of conditions there?

Mr. GAFFNEY. No, sir.

Mr. SHIVITZ. And as a result of the effort on your part, you got back through organizational channels, the full report of Inspector LaForge, and the condensation made of that report by your chief inspector, McGarvey; is that correct?

Mr. GAFFNEY. Yes, sir; I would say that is correct.

Mr. SHIVITZ. And on examining those reports, you were made aware of the fact that there was a very substantial operation going on at that time in Saratoga?

Mr. GAFFNEY. Yes; I would say that.

Mr. SHIVITZ. And that in addition to the operation, that by virtue of the operation that some quite well-known and unsavory characters with national criminal reputations were running some of these establishments in the city of Saratoga in the State of New York?

Mr. GAFFNEY. Well, that would be hard to answer factually. I don't know whether—

Mr. SHIVITZ. Well, did you read the report?

Mr. GAFFNEY. Yes; I did read the report.

Mr. SHIVITZ. You read in there that one of the places was operated by Joe Adonis, among others?

Mr. GAFFNEY. It was alleged that; yes.

Mr. SHIVITZ. Well, you didn't doubt the facts set forth in your own report?

Mr. GAFFNEY. Not by looking at this; no.

Mr. SHIVITZ. You knew that if LaForge gave you something, he knew what he was talking about?

Mr. GAFFNEY. Yes; I would say "yes."

Mr. SHIVITZ. So that the previous question I asked you you should answer in the affirmative; isn't that so?

Mr. GAFFNEY. Whether I actually knew that these people were running these places myself?

Mr. SHIVITZ. You had information?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. Not knowledge, information?

Mr. GAFFNEY. Yes, I would say information.

Mr. SHIVITZ. And when the head of a police organization gets information through channels, especially from his own men, that is the equivalent of knowledge, isn't it?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. You were also aware of the fact that all of these six establishments were licensed by the ABC to sell liquor on the premises, were you not?

Mr. GAFFNEY. Not of my own knowledge.

Mr. SHIVITZ. Well, let's not go into that again; information?

Mr. GAFFNEY. Well, it doesn't say anything about the licenses on this information I have.

Mr. SHIVITZ. Well, whether that says it or not, you know that Piping Rock, Arrowhead, and all those places sell food and drinks when they are operating, don't you?

Mr. GAFFNEY. Yes, I heard that they did.

Mr. SHIVITZ. And you know if they do that that they must be licensed?

Mr. GAFFNEY. Yes, I would say that is true.

Mr. SHIVITZ. The State is very zealous about those things, isn't it?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. When you serve liquor you have to be licensed and pay a large license fee?

Mr. GAFFNEY. That's correct.

Mr. SHIVITZ. There is no license fee by which you could legitimize the gambling that is going on there, is there?

Mr. GAFFNEY. No.

Mr. SHIVITZ. Now, prior to asking for this report did you have a discussion with the Governor or anybody from the Governor's staff?

Mr. GAFFNEY. No.

Mr. SHIVITZ. You did this entirely on your own?

Mr. GAFFNEY. That's right.

Mr. SHIVITZ. And will you please tell the committee what you did with the report when it was given to you on August 6?

Mr. GAFFNEY. I put it in my desk.

Mr. SHIVITZ. Did you discuss it with anybody in your organization?

Mr. GAFFNEY. I may have with the chief inspector.

Mr. SHIVITZ. Well, to the best of your recollection, when he handed you the report, did you say to him, "That's quite a sizable operation they're carrying on up there"; is that substantially what happened?

Mr. GAFFNEY. No; I didn't say I said anything like that.

Mr. SHIVITZ. What did you say?

Mr. GAFFNEY. I probably said, "We're all set here now. If we have to use this or move in up there, we'll have an idea what's going on."

Mr. SHIVITZ. "If we have to use this or move in up there, we'll have an idea what's going on"?

Mr. GAFFNEY. Probably that's what I said.

Mr. SHIVITZ. What could have prompted you to move in?

Mr. GAFFNEY. A complaint.

Mr. SHIVITZ. From?

Mr. GAFFNEY. Any citizen, the district attorney, the commissioner of public safety of the city.

Mr. SHIVITZ. Are those the only things that could have goaded you into action?

Mr. GAFFNEY. That's right.

Mr. SHIVITZ. It's a fact, isn't it, Superintendent, that if the governor called and said, "Stop the gambling," you would have done it?

Mr. GAFFNEY. Oh, yes; no doubt about that.

Mr. SHIVITZ. So that in addition to a complaint—and that is a complaint from any citizen; is that correct?

Mr. GAFFNEY. That's correct.

Mr. SHIVITZ. Or the local authorities, if you got any word from the governor, you would have taken action?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. Now, is it your understanding that that condition was brought about as the result of law—that you must take action only on the governor's order, at the request of the local officials, or a citizen's complaint?

Mr. GAFFNEY. Yes, I would say applying to cities, that is correct. We don't operate in cities.

Mr. SHIVITZ. Since you testified at the executive session of this committee, have you had occasion to go over the executive law which governs action on the part of your police?

Mr. GAFFNEY. No.

Mr. SHIVITZ. Have you discussed it with anybody?

Mr. GAFFNEY. No.

Mr. SHIVITZ. Have you read it since you were here last? Have you read section 97?

Mr. GAFFNEY. No.

Mr. SHIVITZ. But you are familiar with it, are you not?

Mr. GAFFNEY. Not the entire law; I mean, word for word.

Mr. SHIVITZ. Well, is there anything in it, to your knowledge, that says that you can only go in when the governor directs you, or local officials request you, or a citizen complains to you?

Mr. GAFFNEY. Yes; I am pretty sure that's in there.

Mr. SHIVITZ. I will read this to you so that you can familiarize yourself with it again. This is the section which sets the duties and powers of the superintendent of State police and members of his staff. And you are the superintendent of State police.

It shall be the duty of the superintendent of State police and members of the State police to prevent and detect crime and apprehend criminals. They shall also be subject to the call of the governor and are empowered to cooperate with any other department of the State or with local authorities. They shall have power to arrest, without a warrant, any person committing or attempting to commit within their presence or view a breach of the peace or other violation of law, to serve and execute warrants of arrest or search issued by proper authorities and to exercise all other powers of peace officers of the State of New York. Any such warrant issued by any magistrate of the State may be executed by them in any part of the State according to the tenor thereof without endorsement. But they shall not exercise their powers within the limits of any city to suppress riots and disorder except by direction of the governor or upon the request of the mayor of the city with the approval of the governor.

Is that correct?

Mr. GAFFNEY. That's right.

Mr. SHIVITZ. There is nothing in here about your going in on a citizens' complaint, is there?

Mr. GAFFNEY. No.

Mr. SHIVITZ. And that "but" only refers to the suppression of riots and disorder; is that correct?

Mr. GAFFNEY. That's right.

Senator TOBEY. May I just make a comment here for the audience here and across the country.

This is the chief of the State police of the greatest State of the Nation, the Empire State of New York. He has come before this committee and is getting a lesson in his job under the law. This is a school for State officials.

The CHAIRMAN. However, let's not have any demonstrations one way or the other here today.

Mr. GAFFNEY. Mr. Chairman, I object to those kind of remarks. I have been in this business for 28 years, and it has been my career, and because this gentleman is in an opportunity to try to mow everybody down, I want to let you know, sir, that I object to it.

Senator TOBEY. We are only trying to mow down dead grass, that's all.

The CHAIRMAN. Well, let's ask questions and get answers.

Any observations made by Senator Tobey are usually to the point and very well grounded or founded, according to the observations of the chairman, who has been serving with him for a long time.

Now, Senator Tobey, do you have other questions you wish to have answered?

Senator TOBEY. No. You go ahead.

Mr. SHIVITZ. Now, Superintendent Gaffney, with respect to the right and the power of your force to stop this condition in the city of Saratoga, it wasn't a question of the strict interpretation of the law. You were acting more or less on a question of procedure, what had gone before; isn't that a fact?

Mr. GAFFNEY. Policy; yes, sir.

Mr. SHIVITZ. Policy. And it wasn't a question of a strict interpretation of a statute, was it?

Mr. GAFFNEY. I would say it was the policy; yes, sir.

Mr. SHIVITZ. Now, as a matter of fact, it would seem to appear that when you issued your instructions for the survey, you were doing that in your capacity as the head of the police staff of the State; isn't that so?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. You were taking official action to inquire as to the condition up there?

Mr. GAFFNEY. That is correct.

Mr. SHIVITZ. And if we intend to search the operation of your own mind and thinking at that time, it wasn't done for the purpose of getting a report. It was for the purpose of getting a report and following through and doing something about it—if you brought your mind back to the time you made your initial request. Isn't that a fact?

Mr. GAFFNEY. That's true.

Mr. SHIVITZ. Now, at that point, when you received these reports, the original of LaForge and the condensation of it by McGarvey, you said "Now we are ready," if I recall your testimony this morning; isn't that so?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. Or words to that effect?

Mr. GAFFNEY. Yes, sir.

Mr. SHIVITZ. And the only thing that was lacking for you to set your efficient force in operation and close down these places, these joints, these gambling places in Saratoga, was a word; isn't that so? All you needed was a word from the Governor?

Mr. GAFFNEY. Yes; an order. Yes, I would say yes.

Mr. SHIVITZ. As a matter of fact, you wouldn't even need a word from the governor. If you got a word from anybody on his staff, it would be sufficient; isn't that so?

Mr. GAFFNEY. Yes; I would say that is so.

The CHAIRMAN. All right, Senator Tobey.

Senator TOBEY. I don't think Mr. Shivitz has finished.

The CHAIRMAN. Oh, I thought you had finished. Go ahead, Mr. Shivitz.

Mr. SHIVITZ. Now, you say you didn't take this matter up with the executive staff at Albany, did you?

Mr. GAFFNEY. No.

Mr. SHIVITZ. And what was the reason for your failure to take it up with them?

Mr. GAFFNEY. I didn't think it was necessary for me to take it up with them. There was a policy of this division not to——

Senator TOBEY. Just a moment, just a moment. You say you didn't think it was necessary for you to take it up with them, but here you were, the head of the State police, and you had a survey made, and you had it put into your hands, this voluminous report showing all this, and you were the court of last resort, except for the Governor, and you want a complaint before you go on? Why, you could have gone to Bill Smith, on the corner, and said, "Bill, things are rotten in Saratoga. Let's clean it up."

You could have gone to Dewey and gotten an order to clean them up—and you didn't. What you did was to bury the report, conceal it from the public, treasure it in your heart, save it, and mark it "confidential."

You did nothing. You were a cipher, a zero.

Mr. GAFFNEY. Here we go again.

It wasn't my duty to do anything——

Senator TOBEY. What, what?

Mr. GAFFNEY. I said it wasn't my duty to do anything.

Senator TOBEY. It wasn't your duty? Let's get this clear, Mr. Chairman. Forgive me.

If this man has any honesty in his purpose and in his soul, he will answer honestly.

You say you have the nerve to tell this committee and this audience that it wasn't your duty to do it, when this report on crime in Saratoga—a detailed report, involving killers and gangsters—it wasn't your duty to do anything about it? Therefore you bury it? Is that your conception of your duty?

Mr. GAFFNEY. They have a police department there——

Senator TOBEY. You say there is a police department there. You know that this man Rox isn't worth a continental.

Mr. GAFFNEY. I pass no opinion on any policeman at all.

Senator TOBEY. Of course, you know that. We know them. Why didn't you——

Mr. GAFFNEY. I know them.

Senator TOBEY. You say it wasn't your duty. If I were the Governor of this State, I would give you just 5 minutes to get out of the place, or I would kick you out.

Mr. GAFFNEY. I am glad you aren't the Governor.

Senator TOBEY. I will bet you are. You have reason to be glad.

The CHAIRMAN. Go on, Senator Tobey, with your questions.

Senator TOBEY. Mr. Chairman, I feel that anything else I might say would be anticlimactic. I rest my case.

The CHAIRMAN. Mr. Halley, do you have any questions?

Mr. HALLEY. No questions, Mr. Chairman.

Mr. SHIVITZ. As a matter of fact, Superintendent, the reason you didn't take any steps to inform the Governor or anybody on his staff is, as you told us in executive session, because you felt they knew about it?

Mr. GAFFNEY. I would say that is true. Everybody knows what goes on in Saratoga.

Mr. SHIVITZ. Now, in addition to—

Mr. GAFFNEY. It's been going on for 25 years, to my knowledge.

Mr. SHIVITZ. In addition to that, you testified at the executive session that—and I am reading from page 5241—when Senator Tobey asked you, "If you saw Tom Dewey and said, 'This is a rotten condition. What shall I do, Mr. Governor?' what do you suppose he would say?" And you answered, "Go in and clean it up." Do you recall your giving that testimony?

Mr. GAFFNEY. No, I do not.

Mr. SHIVITZ. You don't recall that?

Mr. GAFFNEY. No, I don't. I recall that the Senator said that, asked that question, and I think I replied to him that if I did I would be out on the sidewalk, it was my responsibility—

Mr. SHIVITZ. You testified at page 5241 of the record as follows:

Senator TOBEY. Well, if you saw Tom Dewey and said, "This is a rotten condition. What shall I do, Mr. Governor?" what do you suppose he would say? And you answered, "Go in and clean it up."

That is not your recollection of your testimony?

Mr. GAFFNEY. I thought I said I would be out on the sidewalk.

Mr. SHIVITZ. You said that at a different place in the testimony.

Mr. GAFFNEY. I see; all right.

The CHAIRMAN. What do you mean, you would be out on the sidewalk, Mr. Gaffney? I don't understand.

Mr. GAFFNEY. I would be out of a job.

The CHAIRMAN. If you went in and told him about it you would be out of a job?

Mr. GAFFNEY. And it was my responsibility to enforce the law in that city.

The CHAIRMAN. Well, there wasn't any question about your having the responsibility. The question was if you went in and told him about it, you said you would be out on the sidewalk. I don't understand what you mean.

Mr. GAFFNEY. Well, I guess I am a little confused there. That probably came in another part of the testimony. I don't remember. Probably the answer I did give there that you read is probably what I did say and the right answer.

Mr. SHIVITZ. Well, let me make it clear for you, Superintendent. Earlier in your testimony you were asked by counsel,

Returning to Saratoga, it is extremely difficult for me to understand why you would not call such conditions as your 1947 report disclosed to the Governor's attention. I just don't understand that.

Mr. Halley asked you that question, and your answer was:

Well, I don't think it was my duty to do so, and furthermore, if I did, I would probably be out of a job, because it was not my responsibility.

Do you recall giving that testimony?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. And then do you recall, 10 pages later in your testimony, Senator Tobey asked you the question I have read to you twice, and you gave the answer which you did.

Those answers seem inconsistent. Can you explain them?

Mr. GAFFNEY. I am lost here somewhere along the line.

Mr. SHIVITZ. The first time——

Senator TOBEY. The point is this: In one case you said that if you went to the Governor and told him, and disclosed these conditions, you would be out on the street, out of a job. And in the second place, 10 pages later, you say, when I asked you about that, "What do you say?" you say, "I think he would tell me to go clean it up."

When was the real chief of police speaking, first or last? Which is the voice of Gaffney?

Mr. GAFFNEY. The whole voice, Senator.

Senator TOBEY. Then, coming from both sides of the mouth at the same time. You have seen the Greek God Janus facing both ways. You give us two answers as far apart as the poles. Which represents your convictions?

Mr. GAFFNEY. I am lost again. You will have to give me another question.

Senator TOBEY. Somebody page Mr. Gaffney, he is lost.

The CHAIRMAN. Mr. Gaffney, the question, in any event, is, Why wasn't it your responsibility to take the matter up with either the district attorney, or with somebody in the Governor's office?

You found a horrible situation here that shocked you, it shocked Mr. LaForge, it shocked Mr. McGarvey, with Bischoff, Joe Adonis, and other people operating. Just where does your responsibility come in?

Mr. GAFFNEY. I think that the district attorney certainly must have known conditions as they were. He is elected by the people. He lives there. He certainly should be familiar with what is going on.

The CHAIRMAN. I know. But——

Mr. GAFFNEY. I don't go to district attorneys. They usually come to us if they want a helping hand.

The CHAIRMAN. Even if you find a bad situation somewhere, you don't make a report to anybody about it?

Mr. GAFFNEY. Not in cities; no, sir. We haven't got enough men to do anything like that.

The CHAIRMAN. You already had the report and the information, and your people have testified it would have been a very easy job to have done, all right in one town.

What I mean is that, as head of the State police, if you find a bad situation somewhere, even though it is, maybe, in a city, certainly it shows you that crime is existing and the city isn't doing its duty, it looks like you, at least, would report the matter to somebody in the governor's office, or to the district attorney, and do something about it. Otherwise, I can't see much excuse for the existence of the police.

Mr. GAFFNEY. Well, Senator, that condition has gone on up there for a period of years, in Saratoga.

Senator TOBEY. That makes it right.

The CHAIRMAN. In other words, you just knew that you weren't supposed to do anything about it?

Mr. GAFFNEY. I would say that; yes.

The CHAIRMAN. Why did you get a report up in the first place?

Mr. GAFFNEY. I thought there would be a time when there would be a complaint, and we would have to go to work in there.

The CHAIRMAN. Apparently, the purpose of getting the report must have been to find out what the condition was, so if it was bad, you could do something about it.

But, according to your testimony, you got the report, and then just put it in a confidential file. You had your man LaForge over, and he promptly made a good report, a full one. Then your superintendent brought it immediately to you. You must have had some purpose in asking that it be made.

Mr. GAFFNEY. Just as I say, that I would be set for the time that I needed that, to go in there, and go to work.

The CHAIRMAN. You mean, it is your policy, when you find conditions like this, you just file it away and do nothing about it?

Mr. GAFFNEY. In cities?

The CHAIRMAN. Yes.

Mr. GAFFNEY. We don't, very often, get reports on cities. Saratoga is one of those, the most unusual place in the State.

The CHAIRMAN. What if you found this going on in Albany; what would you have done?

Mr. GAFFNEY. I don't think I would have a report on Albany.

The CHAIRMAN. I know, but what if you did?

Mr. GAFFNEY. That is a pretty big city.

The CHAIRMAN. What if you found six or seven big-time gambling operations, with out-of-State gangsters in them, going on in Albany; would you just file it away in your confidential files?

Mr. GAFFNEY. I probably would if I had it; yes, sir.

The CHAIRMAN. You would.

Mr. SHIVITZ. Let me ask you this, Superintendent Gaffney—I am sorry, Senator, I assumed you were finished.

The CHAIRMAN. That is all right.

Mr. SHIVITZ. Supposing one of your men, without an order from you, had been riding through the city of Saratoga, and saw a man he knew was a dope peddler selling marijuana to the children coming out of the high school in Saratoga City and did nothing about it; would you fire him?

Mr. GAFFNEY. That's a pretty hard question to answer.

Mr. SHIVITZ. Then don't bother answering it.

Now, when you left our executive session on the 13th of February, you went back to the barracks at Hawthorne; is that correct?

Mr. GAFFNEY. That's right.

Mr. SHIVITZ. Did you subsequently, that evening, or the following morning, receive a call or a visit from LaForge and McGarvey?

Mr. GAFFNEY. Yes; I saw them.

Mr. SHIVITZ. Did either of them tell you that we were inquiring about the original of McGarvey's condensation of LaForge's report?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. Which of them told you?

Mr. GAFFNEY. I am not sure which one. Either one of them mentioned it to me.

Mr. SHIVITZ. Did they ask you to get it for us?

Mr. GAFFNEY. No. As I remember it, they said to me that you people were inquiring about that original report, and I was to get in

touch with Mr. Halley, or Mr. Murray, the following day, as I recall it.

Mr. SHIVITZ. As a result of that information you got, you called your office in Albany?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. What did you tell your office?

Mr. GAFFNEY. I told them to get that original report there, if they had it, and send it down to me.

Mr. SHIVITZ. When for the first time did you take this matter up with the governor's counsel, or the governor?

Mr. GAFFNEY. Not at that time. I had that report mailed out to me that night.

Mr. SHIVITZ. Yes. When did you discuss it with the governor or his counsel?

Mr. GAFFNEY. I think it was the following day.

Mr. SHIVITZ. Whom did you talk to?

Mr. GAFFNEY. Mr. Walsh.

Mr. SHIVITZ. What did you tell him?

Mr. GAFFNEY. I told him that you wanted to see the original of this memorandum.

Mr. SHIVITZ. What did he tell you?

Mr. GAFFNEY. He said that you would supply him with a copy; that was the agreement; if anybody wants to see that original, they should come up to your office.

Mr. SHIVITZ. Did you tell him that you had given us the original of the LaForge report?

Mr. GAFFNEY. No; I didn't.

Mr. SHIVITZ. But you had given us that; you have it there before you.

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. Did you have any other discussion on this general subject with the Governor or anybody on his staff, since that time?

Mr. GAFFNEY. Since I was down here?

Mr. SHIVITZ. Yes.

Mr. GAFFNEY. No.

Mr. SHIVITZ. Whom did you discuss it with?

Mr. GAFFNEY. Mr. Walsh, Governor's counsel.

Mr. SHIVITZ. Was that the discussion you have just told us about?

Mr. GAFFNEY. No.

Mr. SHIVITZ. With respect to the original?

Mr. GAFFNEY. No.

Mr. SHIVITZ. You had a further discussion?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. Will you tell us what that was?

Mr. GAFFNEY. About my reappearing here.

Mr. SHIVITZ. Yes.

Mr. GAFFNEY. And he said to me that he had received a copy of my testimony, I think, from Mr. Halley. And it was Wednesday, this week. And he said that he had gone over it, and he thought that I didn't give a full explanation of the functions of the State police. I just said I thought I did.

Mr. SHIVITZ. Well, did he tell you what you had omitted?

Mr. GAFFNEY. No; that is just what he said.

Mr. SHIVITZ. Well, are you in a position to give a fuller explanation now?

Mr. GAFFNEY. Well, no. I thought——

Mr. SHIVITZ. Since you spoke to the Governor's counsel?

Mr. GAFFNEY. No; I thought I did just as much as I could.

Mr. SHIVITZ. And you could not give the committee anything further than you have already given?

Mr. GAFFNEY. No, sir.

Mr. SHIVITZ. Your rule with respect to crime in rural as against city districts, is that a very strict rule or policy in the department?

Mr. GAFFNEY. Yes, sir; I would say so.

Mr. SHIVITZ. Now, let us assume that one of your troopers finds a man speeding on the highway, just prior to going into the city, and before he overtakes the speeder, the speeder gets into the city. You go in and prosecute him, or give him a ticket, or whatever you do, do you not?

Mr. GAFFNEY. Well, yes; I suppose they would.

Mr. SHIVITZ. And if you saw—and this is probably calling on your imagination to quite a great extent—if you saw a crap game going on on the tail of a closed truck in the rural district, it would be your duty to prosecute the people for gambling, would it not?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. And if you overtook the moving truck before it got to the city, you would probably follow the same practice, wouldn't you?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. You said that Saratoga is a place apart in the State of New York? It is unique; isn't that so?

Mr. GAFFNEY. Yes, sir.

Mr. SHIVITZ. And that holds true with respect to the gambling in the month of August during the meet?

Mr. GAFFNEY. I would say "Yes."

Mr. SHIVITZ. When you get to be the superintendent of the State police, you are supposed to have enough savvy or understanding to leave it alone, unless you are told to go in; is that correct?

Mr. GAFFNEY. Well, probably, yes; it has been a policy over the years.

Mr. SHIVITZ. And in the last few years, with the exception of the war years, can you recall any years other than 1930 and 1941 and 1950 when the places were closed down?

Mr. GAFFNEY. Will you give me that again, please?

Mr. SHIVITZ. 1930—didn't they close down, or don't you recall?

Mr. GAFFNEY. I am not sure of that.

Mr. SHIVITZ. But you do know that in the last 10 or 15 years, except for the war years, they were only closed down in 1941 and last year; isn't that so?

Mr. GAFFNEY. Yes, sir.

The CHAIRMAN. Senator Tobey, anything?

Senator TOBEY. No more.

The CHAIRMAN. Mr. Gaffney, why didn't you do something about reporting the violations of the alcohol liquor licenses in Saratoga?

Mr. GAFFNEY. The violations of the SLA, did you say?

The CHAIRMAN. Yes, sir; what do you call it, the ABC?

Mr. GAFFNEY. The ABC; yes.

The CHAIRMAN. That is part of your jurisdiction, isn't it?

Mr. GAFFNEY. What is that, the ABC law?

The CHAIRMAN. That is where you see a liquor license being used in a gambling place or after-hour operations, do you not report that to the Alcohol Tax Board?

Mr. GAFFNEY. Not in a city, Senator. That is up to the local police.

The CHAIRMAN. There is nothing in this order that says anything about that not being your duty.

Mr. GAFFNEY. Well, again, we don't do that in cities.

The CHAIRMAN. Well, you specifically told Mr. LaForge or Mr. McGarvey not to look into the alcohol tax matter, didn't you, the license matter?

Mr. GAFFNEY. I don't think I made any specification like that.

The CHAIRMAN. The record shows that you do report to the Alcoholic Control Board violations in other places; violations here were flagrant and twofold.

Mr. GAFFNEY. Do you mean in cities now, Senator?

The CHAIRMAN. I don't know. I saw quite a list here that——

Mr. GAFFNEY. Yes; we do it out in the rural area. We do. We enforce the law and the ABC.

The CHAIRMAN. Well, of course, you would report it also in the city of Saratoga if anyone told you to, wouldn't you? If the Governor's office did or if the district attorney's office asked you to, you would report it?

Mr. GAFFNEY. Yes, sir; we would.

The CHAIRMAN. Mr. Gaffney, you received the original and one copy of this report, didn't you?

Mr. GAFFNEY. I think I received this and the original; yes, sir.

The CHAIRMAN. Why do you get the original and another copy? Do you always get the original and another copy?

Mr. GAFFNEY. Yes, sir. That is the way they are made out, as a rule.

The CHAIRMAN. If you are just going to file it in your confidential files, why do you need a copy in addition to the original?

Mr. GAFFNEY. I don't know as it is necessary. It is probably just a matter of practice.

The CHAIRMAN. Isn't the copy for the purpose of forwarding on somewhere else?

Mr. GAFFNEY. No.

The CHAIRMAN. To the district attorney or to the Governor's office or somewhere?

Mr. GAFFNEY. I wouldn't say so. Not necessarily; no, sir.

The CHAIRMAN. Don't you feel it is part of your duty, where you find a bad situation as you found here, to advise the Governor's office of it? You had a copy. All you needed to do would be to put the copy in the mail and send it on.

Mr. GAFFNEY. Yes; I could have done that.

The CHAIRMAN. And do you feel that was your duty?

Mr. GAFFNEY. No, sir; I do not.

The CHAIRMAN. As a matter of fact, you have just been told and you understood you were to lay off Saratoga; is that the idea?

Mr. GAFFNEY. I was never told; no, sir.

The CHAIRMAN. I mean over the course of time that was your understanding?

Mr. GAFFNEY. It has been the policy of the division I would say, yes, sir, for a period of years.

The CHAIRMAN. Well, it was closed down in 1938 or 1939, 1940, along that time?

Mr. GAFFNEY. I am not sure of that, Senator.

The CHAIRMAN. Were you in the State police at that time?

Mr. GAFFNEY. Yes, sir. Not in that area.

The CHAIRMAN. The information we have is that it was closed down in 1930, also that when they first put in pari-mutuels, I believe present Senator Lehman was governor at that time and he ordered them closed down in 1939 or 1940, along about then.

Mr. HALLEY. 1938.

Mr. GAFFNEY. I am not sure about that, sir.

The CHAIRMAN. You were in the department, sir.

Mr. GAFFNEY. Yes, sir. Mr. Chairman——

The CHAIRMAN. All right, Mr. Gaffney.

Mr. GAFFNEY. I have my predecessor here, Col. John A. Warner, who was superintendent for 20 years, who would be very happy to assist this committee along the line of policy pertaining to Saratoga or any place else. He is right here in back of me.

The CHAIRMAN. Well, if he has any contribution to make we would be glad to hear him, Mr. Gaffney. Any further questions of Mr. Gaffney at the present time?

Mr. SHIVITZ. I have two questions I would like to ask.

The CHAIRMAN. All right, Mr. Shivitz.

Mr. SHIVITZ. Mr. Gaffney, with respect to general policy, wouldn't you say that one of the first axioms policemen should learn that when you find evidence of crime it calls for action? Would you go along with that?

Mr. GAFFNEY. Now, how are you applying that, to the State police or other policemen?

Mr. SHIVITZ. Any place.

Mr. GAFFNEY. I would say any policemen; yes.

Mr. SHIVITZ. Now, you know that, as you have testified, we sent a transcript of your testimony to the Governor's counsel at his request following a letter we had sent advising as to your testimony?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. And the testimony of your fellow officers. Now, since receiving that you tell us that the Governor's counsel has discussed the situation with you; is that correct?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. And you have not been subjected to any censure or disciplinary action, have you?

Mr. GAFFNEY. Not up to now; no, sir.

Mr. SHIVITZ. The only thing that you were told is that you didn't give the proper or full explanation of the police function; is that what you say?

Mr. GAFFNEY. State police function.

Mr. SHIVITZ. State police function?

Mr. GAFFNEY. Yes.

Mr. SHIVITZ. Is that right?

Mr. GAFFNEY. Yes.

Mr. HALLEY. Just one thing, Mr. Gaffney. I understood that you personally ordered this report made.

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. And your purpose was that you thought a complaint might be made?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. Did you order that the report be gotten back to you as fast as possible?

Mr. GAFFNEY. I don't think it was just that way, Mr. Halley. I probably said to the chief, "You better get a set-up on Saratoga and let us know what the pitch is up there," words to that effect.

Mr. HALLEY. Well, both LaForge and the chief have explained the day LaForge finished the report he took it personally to the chief. The chief sat down and dictated his two-page summary; and on the same day he took it to you—which makes me wonder whether there was any reason for a particular speed.

Mr. GAFFNEY. I don't recall that, Mr. Halley; no.

Mr. HALLEY. To you it was just a routine thing?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. And you needed it in case somebody would make a complaint?

Mr. GAFFNEY. That's right.

Mr. HALLEY. Well, somebody did make a complaint in 1949, didn't they?

Mr. GAFFNEY. Yes, sir.

Mr. HALLEY. Did you then pull your report out and get busy?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. Why not?

Mr. GAFFNEY. Well, I think it was on the last day of the season.

Mr. HALLEY. What is wrong with going in even on the last day? You might have arrested these fellows.

Mr. GAFFNEY. Practically out of business; they were all pulled down, to our information; but we did start from then to have men in there, in October, to cut out the gambling entirely. It has been that way since.

Mr. HALLEY. You mean with that report in your file, you waited for the last day of the season, which would be about September 1, a whole month before you did anything?

Mr. GAFFNEY. Well, they move out of there in about the 24 days, Mr. Halley. That operation of gambling—they don't stay there.

Mr. HALLEY. You didn't make any effort, when you got your complaint, to go in and do something in a hurry?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. Well, what was the purpose of the report? The testimony, if it makes any sense at all, is that at the beginning of one season, 1947, you armed yourself with the report. Your subordinates felt they had to have it in a hurry, so that if a complaint came in, you could swoop down and close up Saratoga.

Mr. GAFFNEY. Mr. Halley, you are talking—this report is 1947; is that correct?

Mr. HALLEY. That's right.

Mr. GAFFNEY. This probably would not be worth 10 cents in 1949, as far as anything here is concerned.

Mr. HALLEY. You made no attempt to get another report in 1948?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. Had you given up hope of getting a report in 1948?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. Well, why didn't you get a report in 1948?

Mr. GAFFNEY. They weren't operating up there, to the best of our information.

Mr. HALLEY. They weren't operating in 1948? LaForge says so, and he was there.

Mr. GAFFNEY. Not as much as they were in 1949 or 1947.

Mr. HALLEY. How do you know?

Mr. GAFFNEY. Well, we had men up in there on a lottery investigation.

Mr. HALLEY. And you were getting reports in 1948?

Mr. GAFFNEY. No. I say we had men working in that area on a lottery.

Mr. HALLEY. How do you know they weren't operating as much in 1948 as they were in 1947?

Mr. GAFFNEY. Well, that was the information that came back to us.

Mr. HALLEY. Why didn't you do something about the extent to which they were operating in 1948? Weren't you interested in getting a report of whatever was going on in 1948?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. Or in 1949?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. And then you took this thing, and you just stuck it in your confidential file; is that right?

Mr. GAFFNEY. Well, it was there at headquarters.

Many people had seen it and knew of it.

Mr. HALLEY. When you were asked to come down and testify before the committee, what did you do? Did you go to your file and pick out the report?

Mr. GAFFNEY. Oh, no, I got a call from your office on a Saturday to be here on a Tuesday. I wasn't even in Albany. These people brought it down from headquarters—McGarvey and LaForge.

Mr. HALLEY. Who brought it down?

Mr. GAFFNEY. McGarvey.

Mr. HALLEY. Did he pick it up from your office?

Mr. GAFFNEY. He got it out of the files from headquarters; yes.

Mr. HALLEY. He took what was in the file, I presume.

Mr. GAFFNEY. Yes.

Mr. HALLEY. Now, why is it, when he brought the report down here, there would be the original of the basic report made by the inspector, but only the carbon of McGarvey's report to you? Why wouldn't the original of McGarvey's be with the basic original report?

Mr. GAFFNEY. I can't answer that, Mr. Halley. I wasn't up there.

Mr. HALLEY. Well, wouldn't it appear that the original of the report made by McGarvey was taken out of your files and was sent somewhere else?

Mr. GAFFNEY. Not to my knowledge; no.

Mr. HALLEY. Why is it that when you sent for this file, as you say you did, you got only a carbon copy of the summary report?

Mr. GAFFNEY. I can't answer that. I wasn't in Albany, as I say. They brought it down to me.

Mr. HALLEY. And why is it that when I sent for the original of the summary report, I got word back that you wouldn't send it to me; that we could come up and look at it in your office?

Mr. GAFFNEY. Well, I was so advised. I don't know what agreement—I think you talked with Mr. Walsh, didn't you, in the beginning?

Mr. HALLEY. Members of my staff talked to Mr. Walsh, and to everybody else they could get hold of.

Mr. GAFFNEY. I don't know about that.

Mr. HALLEY. Wasn't there something very special about that report that was made in such a hurry in 1947?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. No further questions.

The CHAIRMAN. Mr. Gaffney, if I recall correctly, Sheriff Hathorn testified that at least one of these places was outside of the city limits in Saratoga. Do you know if that is correct—out in the county, outside of the city limits?

Mr. GAFFNEY. Well, I wouldn't dispute that with him. I am not sure of that, Senator.

The CHAIRMAN. Well, that was in the rural area, outside of incorporated city limits. Why didn't you do something about that?

Mr. GAFFNEY. If you would let me know what place it was, I would be very interested. It is my understanding that they were all within the confines of the city of Saratoga.

The CHAIRMAN. Maybe I am mistaken. That was my impression. Isn't Piping Rock outside the city limits?

Mr. GAFFNEY. I don't think it is; no.

The CHAIRMAN. Well, it didn't make any difference to you whether it was inside the city limits or outside the city limits, so far as you were concerned, in that county.

Mr. GAFFNEY. I wouldn't say that, Senator.

Mr. HALLEY. What did you do about closing up the Montauk Inn—not the inn but the place at Montauk where they had the gambling this summer?

Mr. GAFFNEY. I don't think I knew anything about that. I told you about that before——

Mr. HALLEY. You checked it since you talked to us?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. It wasn't in any city?

Mr. GAFFNEY. No, sir.

Mr. HALLEY. There was gambling there this summer, wasn't there?

Mr. GAFFNEY. Not to my knowledge.

As I told you, I had a check made down there, and there was a report that came back that there was no gambling, that they were there with the district attorney's men or the district attorney.

Mr. HALLEY. Do you think there was any gambling in Smithtown?

Mr. GAFFNEY. I am not sure about that.

The CHAIRMAN. Referring to page 4511 of the executive hearings, the sheriff is on the stand:

The CHAIRMAN. Isn't one of these places Reilly's Lake House? Isn't that out in the county?

Mr. HATHORN. Out in the county.

The CHAIRMAN. It is outside of the city?

Mr. HATHORN. Yes.

Then:

He didn't do anything about closing it.

Why didn't you close that one?

Mr. GAFFNEY. I didn't know it was outside the city, Senator.

The CHAIRMAN. It is not very difficult to tell, is it, whether it is outside the city?

Mr. GAFFNEY. Well, I think you would have to have a map. There is a funny set-up there.

The CHAIRMAN. All right, Mr. Gaffney, that is all.

Your predecessor will be back at 2:15, and we will talk with him in the meantime, and if he has anything to contribute, we will put him on.

Will you talk with his predecessor, Mr. Shivitz?

Mr. SHIVITZ. Yes, sir.

The CHAIRMAN. The committee will stand in recess until 2:15.

(Thereupon, at 1:10 p. m., a recess was taken until 2:15 p. m.)

AFTERNOON SESSION

(Thereupon, at the expiration of the recess, the committee reconvened at 2:15 p. m.)

The CHAIRMAN. The committee will come to order. In the opinion of the chairman of this committee, over the course of the last 8 or 9 months the man who has done more to dramatize and to bring to the attention of the people of America the necessity for righteous indignation against certain criminal activities and more appreciation and attention to conditions is my colleague, Senator Tobey, of this committee; and I want to pay him that little tribute, as I have on many occasions.

At this time Senator Tobey has a gentleman on his right, who is a guest of the committee, whom we are very happy to have here, and I will ask Senator Tobey to introduce him.

Senator TOBEY. Mr. Chairman, I appreciate that kind introduction of me to the audience; and it now becomes my duty and my great privilege to present to this gathering here and over the mystic radio and television a distinguished citizen not only of New York but of the Nation, a man who has served our beloved country as Ambassador to various countries in years past, at one time Assistant Secretary of State, and now chairman of the New York City Anticrime Commission, Mr. Spruille Braden.

The CHAIRMAN. Later on, during our stay here, Mr. Braden, we will be very happy to have you say a few words and give us your estimate of the situation and the progress that is being made in greater New York in the direction of organized crime. I think we will hear from you later during the hearing.

I believe that Mr. Costello is here, and I will ask the television cameramen not to televise any part of Mr. Costello while he is here—that is, while he is on the stand.

Mr. Deputy Marshal, will you ask Mr. Costello to come around?

Mr. Costello is here; let him come in. We have to get on with the hearing.

Senator TOBEY. Mr. Chairman, before we call the witness, may I just read something—here he is.

**FURTHER TESTIMONY OF FRANK COSTELLO, NEW YORK, N. Y.,
ACCOMPANIED BY GEORGE WOLF, ATTORNEY, NEW YORK,
N. Y.**

The CHAIRMAN. I think we have enough pictures. And, Mr. Wolf, the television is not on any part of Mr. Costello.

Mr. Costello, your physician was in this morning and testified, as you may know, that you had no temperature; and in his opinion there wasn't any reason why you should not, at least, testify an hour a day; it couldn't do you any harm if you spoke in a moderate voice.

So that, under the continuing subpoena that you are under, we asked you to come back today. We would like to ask you some questions and, after a reasonable time, in line with what your physician said, if you get tired, or if your throat bothers you too much, if you will let us know, we will carry it over until the next time we meet.

Mr. Halley, will you proceed with the questions.

Mr. WOLF. May I, on behalf of the witness—

The CHAIRMAN. Very well, Mr. Wolf.

Mr. WOLF. Apprise your committee of further facts.

Before the witness started his testimony at the open hearings, I informed Mr. Halley of the illness of the witness, told him that he had been under—he was under treatment of a doctor for a throat ailment. But the doctor had informed me that he did not think it was in the interests of the witness to proceed with the examination until the condition had improved.

I said, however, that it was the witness' desire to proceed with the examination without delay, and that he didn't want to make an application for an adjournment because, if he made it, it would be misconstrued. If it was made by an ordinary witness it would be received in the ordinary way, and probably be given ordinary consideration.

I said that I didn't want to embarrass the witness, and he didn't want to embarrass himself, by making application, and he would be here and would try to testify to the best of his ability.

I don't want to cover the ground that took place the other day.

Now, since his examination by—I may say this: that the physician who had been treating Mr. Costello, to whom I referred when I spoke to Mr. Halley, was not available yesterday; he was busy with some operations. And, as a consequence, Mr. Costello called in this other physician.

Now, this morning Mr. Costello called in the doctor to whom I referred when I spoke to Mr. Halley, and that doctor gave me the following certificate, which I will give you gentlemen, and I will ask you not to disclose the name of the doctor.

I ask you, if you feel that this matter must be investigated, to do it privately because I informed the doctor the use I intended to make of this, and he expressed a considerable concern about the fact that he would be held up to, possibly, public ridicule if called here to testify, and particularly be televised.

So, without reading the name of the doctor, I am going to read what he says—if I can make out his writing.

The CHAIRMAN. Well, Mr. Wolf—

Mr. WOLF. May I read it, Senator?

The CHAIRMAN. Yes, but we can't allow your statement to go unchallenged that a doctor, a physician, in carrying out his professional

duty, and in reporting to a senatorial committee, is going to be held up to ridicule.

We had the other doctor, who turned in a statement, here this morning. I can't believe we held him up to ridicule. I think you must be imagining things, Mr. Wolf.

Mr. WOLF. I am only reporting what the doctor told me. I am carrying out his wishes.

The CHAIRMAN. Well, we are not able to act in secrecy here.

Mr. WOLF. Now, the doctor says—

Mr. HALLEY. Mr. Wolf, I don't think the committee should take an anonymous statement. If a doctor says it, I think the committee must know who the doctor is.

Mr. WOLF. I am going to give you the certificate after I read it. You may do as you please with it then.

The CHAIRMAN. I want to tell you, Mr. Wolf, that if you give us the certificate, we are going to give the name and address.

Mr. WOLF. That is your responsibility, then. I don't care to do it.

The CHAIRMAN. Very well, we accept the responsibility.

Mr. WOLF (reading):

Mr. Frank Costello has had a heavy cold and a laryngitis for nearly 2 weeks. During this week the laryngitis has gotten steadily worse until he is now unable to talk in sustained conversation, and any effort in this direction will cause further and continuing danger to his larynx.

There are some words there that I can't make out. I see that this man's, this doctor's handwriting is even worse than mine, if that is possible.

The CHAIRMAN. We may have a doctor present who can help.

Mr. WOLF (reading):

But he has been having local and general treatment for 10 days—this includes penicillin and aureomycin.

Mr. Costello has had a severe throat affliction, for which I have treated him over a period of nearly 18 years.

I ask the doctor what that throat affliction was, and he told me that the confidence of doctor and patient would not permit him to tell me what it is.

(Mr. Wolf handed the document to the chairman.)

The CHAIRMAN. The certificate will be made part of the record.

The name of the doctor is Douglas Quick, M. D., and the address is 350 Park Avenue.

Dr. Quick need have no hesitancy in making a certificate for this committee or in appearing here. It is certainly not going to damage his professional standing and reputation, if he has reported what he has found.

That will be made part of the record.

Mr. WOLF. Now, in view of this witness' condition, gentlemen, I ask that the examination of this witness be adjourned until Wednesday, during which time this witness can get sufficient rest and be able to come back here and complete his examination properly, under the circumstances that I indicated in my statement yesterday.

Mr. HALLEY. Mr. Chairman, I believe the witness was in contempt yesterday and I believe it is my duty to follow your instructions and propose questions to the witness today and see whether or not he will answer them. There is nothing in the statement of Dr. Quick

that contradicts the sworn testimony received this morning from the doctor who said Mr. Costello, in a conversational voice, could answer questions for a reasonable period of time. There is no assurance that when next Wednesday comes the witness will not have the same problem.

Therefore, assuming that Mr. Costello has some laryngitis, no more than most people seem to get along with without stopping their daily activities, I would think that the way to handle the situation is for him to testify an hour today and an hour on Monday, and an hour on Tuesday, and so on until we get all of his testimony. In that way he will not have the possibility of a continued strain on his throat, and I propose to start questioning him for the hour today right now, with the committee's consent.

The CHAIRMAN. Mr. Wolf, this certificate does not say that Mr. Costello is not able to testify or that testifying at least for a short time would injure his health or his throat. We don't want to be arbitrary about the matter, but this certificate does not meet legal requirements in stating anything that would indicate that it would be injurious to Mr. Costello to testify at least for a short time.

Mr. WOLF. Senator Kefauver, in discussing the testimony of the previous doctor who examined Mr. Costello, you mentioned the fact that he said that there was no reason why Mr. Costello could not conduct ordinary conversational talks. Well, Senator, don't you realize this witness, the situation requires him not only to indulge in just the ordinary conversational tone necessary for him to be able to concentrate and make known exactly what he intends to convey; it is necessary for him to be in control of his voice so that, under the circumstances he is in, if what he says is so, he can really be heard.

It seems to me that you members of the committee are discussing of an ordinary conversation between individuals and the ability of a person to continue it, and we are here talking of a witness in the situation that this witness is in.

The CHAIRMAN. Well, Mr. Wolf, Mr. Costello certainly looks like he is in better shape than he was in some days ago. I remember in one of our earlier sessions, this committee asked, "Would you like for him to, or would the witness like to cease the questioning at this time?" And he said, "No, go on," and you said, "No, go on."

I think that was on the first day.

Mr. WOLF. I would want that at all times, Senator. I would like to see this go on and get finished with.

The CHAIRMAN. So that the committee was giving you the option, Mr. Costello, of stopping early.

Mr. WOLF. I was hopeful that it would end, Senator, and that was the reason why I said, "Let's get on."

The CHAIRMAN. Well, suppose, Mr. Wolf, we endeavor to get on for 30 minutes this afternoon and then maybe we could take a rest over the week end, and Monday we could have a little more testimony and in that way we could get finished up eventually.

Mr. WOLF. Well, I see your anxiety and I appreciate and have sympathy with your desire to conclude these hearings, but you must remember always, Senator Kefauver, that I have an interest in this witness as his lawyer, and it seems to me that the witness' desire is to be heard, and certainly I don't think there is anybody on this committee who would not agree with me that he should be heard, heard

fully if he desires it, and heard completely, that it should be done under circumstances when he is in a position to properly defend himself.

The CHAIRMAN. Well, why don't we try it a little while this afternoon and see how we get along.

Do you think that would be a very good way to do it?

Mr. WOLF. I don't think so, sir. I think you should adjourn these hearings. I don't think it fair to press this matter. I think you should adjourn the examination of this man until Wednesday, at least.

The CHAIRMAN. Well, let's try a few questions and see how we get along.

Go ahead, Mr. Halley.

Mr. HALLEY. Mr. Costello, did you have a meeting with William O'Dwyer in the year 1942?

Mr. COSTELLO. I refuse to go further with the questioning—answering the questions—until I feel fully well and capable.

The CHAIRMAN. Mr. Costello, it wouldn't strain your voice if you just put the mike up a little closer so we could hear.

Mr. HALLEY. Mr. Costello, do you know Mr. James Moran?

The CHAIRMAN. Let's cut the cameras off. Let's not have any noise.

Mr. COSTELLO. I refuse to answer the question.

Mr. HALLEY. Do you know Mr. James Moran?

The CHAIRMAN. Just a minute. You are directed to answer for a short while. I think you can answer a few questions this afternoon.

Mr. COSTELLO. I don't care to answer any questions.

The CHAIRMAN. It is not a matter whether you care to answer them, Mr. Costello.

Mr. COSTELLO. I don't feel I am fit to answer any questions today and answer them truthfully and sensibly.

The CHAIRMAN. What was the last question?

Mr. HALLEY. Do you know Mr. James Moran?

Mr. COSTELLO. I couldn't answer the question today.

Mr. HALLEY. Do you know Mr. Frank Bals?

Mr. COSTELLO. I am not going to answer the question today.

The CHAIRMAN. Well, you understand you are being directed to answer these questions.

Mr. COSTELLO. And I am answering them, telling you——

The CHAIRMAN. There is no use continuing if he is not going to answer them.

Senator TOBEY. Mr. Chairman, I would just like to point out those questions call for a "yes" or "no" answer, one or two syllables. Yet he used eight syllables to tell us he wouldn't testify.

Mr. HALLEY. Mr. Chairman, in view of the fact that the witness has created an issue, I would like to ask for a stipulation so that the committee may appoint a physician who would be permitted both to examine Mr. Costello and to consult with the physicians who have already treated Mr. Costello.

The CHAIRMAN. Is there any objection to that, Mr. Wolf?

Mr. WOLF. There is absolutely no objection to that.

The CHAIRMAN. My opinion, Mr. Wolf, is that there is no reasonable reason why Mr. Costello cannot at least answer simple yes or no questions this afternoon.

Mr. WOLF. Now, he was just asked if he were to submit to an examination by a physician of your choice. He said "Yes."

The CHAIRMAN. But even on the evidence as it is now presented there is no showing that Mr. Costello cannot go on for a while. The first doctor said he could at least testify an hour. This doctor doesn't make any representations about him being unable to testify at all.

But there is no need of asking other questions. It is my opinion that this action is contemptuous, Mr. Wolf, of this committee.

Mr. WOLF. I really don't believe it is, Mr. Senator.

The CHAIRMAN. There is no use in arguing the matter, Mr. Wolf.

So you will continue under subpoena, Mr. Costello, and we will see what happens. We will appoint the physician, who will be in touch with you.

Mr. WOLF. Will you make the arrangements?

Mr. HALLEY. I will get in touch with Mr. Wolf and make an appointment; and if I cannot reach Mr. Wolf I will advise Mr. Costello at his home.

Mr. WOLF. Well, I would prefer that you get in touch with me, so that I can——

Mr. HALLEY. If I can reach you; I will. All right.

The CHAIRMAN. Let's call the next witness.

Quiet in the hearing room.

Who is our next witness?

Mr. HALLEY. Mr. A'Hearn.

The CHAIRMAN. Mr. A'Hearn, will you come around, please?

You are Mr. A'Hearn?

Mr. A'HEARN. Yes, sir.

The CHAIRMAN. Do you solemnly swear that the testimony you give the committee will be the whole truth, so help you God?

Mr. A'HEARN. I do.

The CHAIRMAN. Will you proceed, Mr. Halley?

Mr. HALLEY. Mr. Shivitz will examine Mr. A'Hearn.

The CHAIRMAN. First, is this counsel with you?

Mr. PRIOR. I am.

The CHAIRMAN. What is your name?

Mr. PRIOR. My name is Daniel H. Prior, Albany, N. Y.; P-r-i-o-r.

The CHAIRMAN. Attorney at law, Albany, N. Y.?

Mr. PRIOR. Albany, N. Y.

The CHAIRMAN. What is your full name, Mr. A'Hearn?

Mr. A'HEARN. Walter.

The CHAIRMAN. And your address, sir?

Mr. A'HEARN. 21 Park Street, Saratoga Springs.

The CHAIRMAN. 21 Park Street, Saratoga Springs?

Mr. A'HEARN. That's right, Senator.

The CHAIRMAN. Before we proceed with Mr. A'Hearn, in order to do the former witnesses justice, may I ask, Mr. Shivitz, was Reilly's place one of the places that was investigated?

Mr. SHIVITZ. No. it was not.

The CHAIRMAN. Let the record show that whereas the testimony of the sheriff is that Reilly's place, which is outside of the city of Saratoga, but in Saratoga County, was operating, and it was not closed down, apparently, that it was not in the report submitted by Mr. LaForge to Mr. McGarvey, and then to the Commissioner, Mr. Gaffney.

At least, it was not in the report that we have.

Very well, Mr. Shivitz; will you proceed?

**FURTHER TESTIMONY OF WALTER A'HEARN, SARATOGA SPRINGS,
N. Y., ACCOMPANIED BY DANIEL H. PRIOR, ATTORNEY, ALBANY,
N. Y.**

Mr. SHIVITZ. Mr. A'Hearn, are you still a member of the Saratoga Police force?

Mr. A'HEARN. I am.

Mr. SHIVITZ. What is your title?

Mr. A'HEARN. Detective.

Mr. SHIVITZ. You have been on the force for how long?

Mr. A'HEARN. 19 years, approximately, steady; and I worked about 3 years just in the summertime; 2 or 3 months.

Mr. SHIVITZ. How many detectives are there on the Saratoga Police force?

Mr. A'HEARN. Two.

Mr. SHIVITZ. Who is the other detective?

Mr. A'HEARN. George West.

Mr. SHIVITZ. Who is the chief of police?

Mr. A'HEARN. Patrick F. Rox.

Mr. SHIVITZ. I understand that he can't be here due to illness?

Mr. A'HEARN. He is still in the hospital; yes.

Mr. SHIVITZ. Am I correct in understanding that the sheriff is also sick?

Mr. A'HEARN. That I wouldn't know.

Mr. SHIVITZ. Now, Mr. Ahearn, confining ourselves to the last 10 years, with the exception of the war years, would you say that gambling ran pretty open in the city of Saratoga?

Mr. A'HEARN. Well, that I wouldn't know.

Mr. SHIVITZ. Have there been any time in the last few years when reports that gambling has been going on came to your attention?

Mr. A'HEARN. Yes, you would hear a public speech that gambling was going on.

Mr. SHIVITZ. Did you ever hear of the Piping Rock Club at Saratoga?

Mr. A'HEARN. I have.

Mr. SHIVITZ. Have you ever been in it?

Mr. A'HEARN. I have been as far as the lobby, and been into the casinos on investigations on previous years.

Mr. SHIVITZ. But you don't go into the casino during the racing season, do you?

Mr. A'HEARN. Well, when we was investigating in 1938, 1939, and 1940, we used to go in and make a check about three times a night—the sheriff and myself.

Mr. SHIVITZ. Did you ever make an arrest?

Mr. A'HEARN. No, sir.

Mr. SHIVITZ. Now, that is 1938, 1939, and 1940?

Mr. A'HEARN. And 1940.

Mr. SHIVITZ. Coming up to more modern times, more recent times, when you go to Piping Rock, you don't go beyond the dining room, do you?

Mr. A'HEARN. No, sir.

Mr. SHIVITZ. And that holds true with respect to the rest of the establishments up there?

Mr. A'HEARN. That's right.

Mr. SHIVITZ. Arrowhead, and all the other places?

Mr. A'HEARN. Well, there is Reilly's, Newman's, and Smith's.

Mr. SHIVITZ. And when you go to those places during the season, you just stay where food is served?

Mr. A'HEARN. Well, I don't go in for food.

Mr. SHIVITZ. Well, when you go into these places in the season, you don't go into the gambling part?

Mr. A'HEARN. I don't go into the building at all.

Mr. SHIVITZ. Just Piping Rock?

Mr. A'HEARN. That's right, not into the building. During 1949—we would just go as far as the door, and that's as far as I would go.

Mr. SHIVITZ. Now, why don't you go inside these places?

Mr. A'HEARN. I had no alternative to go inside.

Mr. SHIVITZ. Will you explain that a little better?

Mr. A'HEARN. Well, when I was escorting, I never went inside the building. They would get out of the car and go into the building.

Mr. SHIVITZ. You mean when you were escorting this money from these places?

Mr. A'HEARN. That's right.

Mr. SHIVITZ. Well, isn't one of the reasons you didn't go in, that you didn't get orders to go in?

Mr. A'HEARN. No; I didn't get no orders.

Mr. SHIVITZ. Is that the reason?

Mr. A'HEARN. I had no reasons to go in. The club was just opening up around 7, a quarter after 7, and we were just charging the passengers riding with us, and then we would go back to the office.

Mr. SHIVITZ. You remember that Mr. Halley asked you in the executive session, "Why didn't you walk in and find out what was going on?" And you said, "I had no orders to." Do you remember that?

Mr. A'HEARN. That, I don't recall.

Mr. SHIVITZ. I am reading the testimony.

Isn't it correct that you never had orders to go in?

Mr. A'HEARN. Yes; I never had no orders to go in.

Mr. SHIVITZ. Do you remember that you also said as a reason that you didn't go in, "I still wanted to work"?

Mr. A'HEARN. That's right.

Mr. SHIVITZ. Is it your opinion that if you had gone in, you would have been out of a job?

Mr. A'HEARN. It was my opinion; yes.

The CHAIRMAN. That is very revealing. Pursue it, Mr. Shivitz.

Mr. SHIVITZ. Whom did you think would fire you if you went in there?

Mr. A'HEARN. My superiors.

Mr. SHIVITZ. Who would that be?

Mr. A'HEARN. It would be Chief Rox or Commissioner Leonard.

Mr. SHIVITZ. Did either of them ever tell you that, or did you just reach that conclusion on your own?

Mr. A'HEARN. The thought was on my mind.

Mr. SHIVITZ. You were pretty sure, though, that if you went in and you made an arrest, either Chief Rox or Commissioner Leonard would fire you?

Mr. A'HEARN. Well, I don't know if they would or not.

Mr. SHIVITZ. That was your opinion?

Mr. A'HEARN. That was my opinion.

The CHAIRMAN. Anyway, you weren't going to risk it, were you?

Mr. A'HEARN. No; I wasn't going to risk it.

Senator TOBEY. Let me interrupt for a short interlude. Page 5341:

Mr. HALLEY. Speaking of gambling, in fact, you told our investigator who interviewed you, I think, that the less you knew about it, the better off you would be; is that right?

And Mr. A'Hearn, this detective extraordinary before us, said:

That is true, in this respect. What has taken place in Saratoga, I never wanted to know certain things. I never tried to find out certain things, for the simple reason that if you don't know anything, you can say truthfully and honestly that you don't know. I have always tried to go on minding my own business.

Senator TOBEY. Have you ever seen these three monkeys, See no evil, hear no evil, speak no evil?

Mr. A'HEARN. I have; yes, sir.

Senator TOBEY. And you certainly followed their example, haven't you?

Mr. A'HEARN. To a certain extent. My father told me that a long, long time ago, sir.

Mr. SHIVITZ. Now, Mr. A'Hearn, in your opinion, having been up there and having been on the force for many years, was that all you had to do if you wanted to run a gambling establishment, was to make the right connections; isn't that so?

Mr. A'HEARN. Well, that is what I told Mr. Rossner. He asked me and I said, "If I wanted to find out." I said, "I would go and contact someone who was in that profession."

Mr. SHIVITZ. And to make the right connections. Will you please tell the committee whom you had in mind?

Mr. A'HEARN. I didn't have no one in particular in mind.

Mr. SHIVITZ. Well, now, you were a little more candid when you spoke in executive session. You know what connections you had to make, don't you?

Mr. A'HEARN. No, sir; I do not.

Mr. SHIVITZ. Do you remember you were asked who the right connections, so far as talk is concerned, in Saratoga? Do you remember your answer to that question?

Mr. A'HEARN. I don't remember anybody asking me that question.

Mr. SHIVITZ. They did ask you, and you said, "Well, your political leaders, I would say." Do you recall that?

Mr. A'HEARN. They asked me who was the boss.

Mr. SHIVITZ. No. I will read you the question:

Who are these high connections, as far as common gossip is concerned, in Saratoga?

Mr. A'HEARN. Well, your political leaders, I would say.

And then we asked, "Who are they?" and do you recall your answer to that?

Mr. A'HEARN. I remember answering the question, but it seems to me that was the question the way it was worded at that particular time.

Mr. SHIVITZ. That is the way it was worded. Now, do you recall who you said the political connections would be?

Mr. A'HEARN. I said Mr. Leary. He is the chairman or the political Republican leader.

Mr. SHIVITZ. Leary, L-e-a-r-y?

Mr. A'HEARN. Leary.

Mr. SHIVITZ. And who was the other man?

Mr. A'HEARN. And Commissioner Leonard was the Democratic leader.

Mr. SHIVITZ. And these would have to be the connections that would have to be made if you wanted to go along in the gambling business?

Mr. A'HEARN. No; I didn't say that.

Mr. SHIVITZ. Well, is that your opinion?

Mr. A'HEARN. No; it isn't my opinion.

Mr. SHIVITZ. Well, what connections do you think all these places made in order to be able to operate that you could not molest them without being fired?

Mr. A'HEARN. That I wouldn't know.

Mr. SHIVITZ. Oh, you know better.

Mr. A'HEARN. No; I do not. I said they are the political leaders.

Mr. SHIVITZ. Well, do you think they had to get some O. K. from somebody in New Jersey, or Connecticut, to operate in Saratoga?

Mr. A'HEARN. Well, I wouldn't know that.

Mr. SHIVITZ. Really.

Mr. A'HEARN. That is true.

Mr. SHIVITZ. Do you recall that in discussing this gambling situation Mr. Halley said, "It stands in your opinion that to operate you would have to get permission from the bosses?" and you answered, "I would say that, from public opinion, yes." Do you recall that?

Mr. A'HEARN. Yes; as far as public opinion.

Mr. SHIVITZ. Then he asked you the next question, "At least you have to get clearance from the bosses?" and you answered, "That's right, that is the truth."

Mr. A'HEARN. I don't remember that question.

Mr. SHIVITZ. Well, if I tell you that is the way you testified, does it coincide with your opinion?

Mr. A'HEARN. I still don't remember the question.

Mr. SHIVITZ. Well, forget the question. Isn't it a fact?

Mr. A'HEARN. I wouldn't say it is the fact, because I don't know.

Mr. SHIVITZ. You did say so.

Mr. A'HEARN. I don't remember saying that, anything like that.

Mr. SHIVITZ. I have here your bank book on the Adirondack Trust Co. Do you have it?

Mr. A'HEARN. Yes.

Mr. SHIVITZ. Would you look at it, please, and see if I am correct about this. In September, looking back over the past 5 years, in September of 1945 you had a balance of zero; is that correct?

Mr. A'HEARN. 1945? I had a balance of what?

Mr. SHIVITZ. Nothing.

Mr. A'HEARN. In 1945 I had——

Mr. SHIVITZ. There was a point in September of 1945 when you had no money.

Mr. A'HEARN. Wait a minute, no. In September?

Mr. SHIVITZ. Then you put \$300 in. Do you see the \$300 deposit?

Mr. A'HEARN. Yes.

Mr. SHIVITZ. Is that correct?

Mr. A'HEARN. Yes.

Mr. SHIVITZ. Now, if my memory serves me right, you made no further deposits there—you did make some withdrawals—until the following summer, August and September of 1946; is that correct?

Mr. A'HEARN. 1946, yes.

Mr. SHIVITZ. And in August and September of that year, the end of August and the beginning of September, you banked a little over \$2,100; is that right? There was one deposit of \$1,120 and the deposit of \$1,000?

Mr. A'HEARN. In 1946?

Mr. SHIVITZ. Yes. Is that right?

Mr. A'HEARN. Yes, approximately.

Mr. SHIVITZ. Then again, you made no substantial deposit until the following September—that is, the summer of September 1947; is that correct?

Mr. A'HEARN. That's right.

Mr. SHIVITZ. When you deposited \$2,000?

Mr. A'HEARN. That's right.

Mr. SHIVITZ. The beginning of September?

Mr. A'HEARN. Yes.

Mr. SHIVITZ. Now, in 1948—and I don't know if you were here this morning, but the representative of the State police said there was only a little gambling going on up there that year. It didn't run wide open. Do you recall?

Mr. A'HEARN. In 1948?

Mr. SHIVITZ. Yes.

Mr. A'HEARN. That I wouldn't know.

Mr. SHIVITZ. Well, in any event, in September of 1948, up to which time there had been practically no deposits since the previous September, you only banked \$1,000; is that correct?

Mr. A'HEARN. That's correct.

Mr. SHIVITZ. And then there was no deposit of any substance until the following September of 1949, when you deposited \$1,500; is that correct?

Mr. A'HEARN. That's correct.

Mr. SHIVITZ. And then they testified here this morning—and our information is to the same effect—that they never allowed gambling places to open in 1950. Do you recall that?

Mr. A'HEARN. We made inspections all during 1950.

Mr. SHIVITZ. And there was no opening of the places?

Mr. A'HEARN. No, sir. We inspected them.

Mr. SHIVITZ. If you will look in your bank book, you will see in September 1950 there was no deposit in the bank account; is that correct?

Mr. A'HEARN. I deposited all the way through from June——

Mr. SHIVITZ. No. In September of 1950 was there any deposit of any similar amount——

Mr. A'HEARN. No; not in September.

Mr. SHIVITZ. Any similiar amount as the Septembers of the other 4 years?

Mr. A'HEARN. That's right.

Mr. SHIVITZ. Now, Mr. Ahearn, in addition to not making any arrests in any of these establishments, there came a time when you sort of cooperated with them in some way; isn't that so?

Mr. A'HEARN. As far as escorting.

Mr. SHIVITZ. Escorting? You don't mean the patrons. You mean the money?

Mr. A'HEARN. Money to the night clubs.

Mr. SHIVITZ. Yes. Will you please tell the committee just what that consisted of?

Mr. A'HEARN. Well, we went to the bank and we picked up a man who went into the bank, and he would come out, get into a car, and we would bring him and deposit him in the night club.

Mr. SHIVITZ. How many clubs would you do that for?

Mr. A'HEARN. There was two: the one in 1948 was Arrowhead, and Piping Rock.

Mr. SHIVITZ. You did it for Arrowhead and Piping Rock?

Mr. A'HEARN. In '48.

Mr. SHIVITZ. In 1948. Did you ever do it for any other club?

Mr. A'HEARN. Not to my knowledge.

Mr. SHIVITZ. Any other year?

Mr. A'HEARN. No.

Mr. SHIVITZ. And how much did they pay you for those services?

Mr. A'HEARN. Well, we got \$10 a night at Piping Rock.

Mr. SHIVITZ. Who is "we"?

Mr. A'HEARN. Mr. Peets and myself.

Mr. SHIVITZ. Who is he?

Mr. A'HEARN. He was my partner who rode with me.

Mr. SHIVITZ. He is also a detective?

Mr. A'HEARN. No. He is just a patrolman.

Mr. SHIVITZ. A member of the force?

Mr. A'HEARN. Yes.

Mr. SHIVITZ. And what car were you using?

Mr. A'HEARN. A police car.

Mr. SHIVITZ. And you and your patrolman associate, using a police car of the city of Saratoga Police Department escorted the money from these gambling places, for which they paid you a consideration?

Mr. A'HEARN. No, it was to the night clubs.

Mr. SHIVITZ. Which night clubs?

Mr. A'HEARN. The Piping Rock and Arrowhead.

Mr. SHIVITZ. Well, they had gambling at both those places; didn't they?

Mr. A'HEARN. I wouldn't know if there was gambling there. I never seen no gambling there.

Senator TOBEY. What did you think they wanted the money for down there. You went into the hall of these places, but you never went beyond the door. You were a policeman and a detective. You knew gambling was illegal. You testified here in February that you went into the hall, but you never pushed the door open and looked into the gambling room to see what was going on there. Yet they paid you \$10 a day, \$70 a week, and you said "\$70 a week looks good for me." And you got the \$70, and what did you think it was for? You knew it was a gambling house. That was the gambling money to make change. You knew that, didn't you? Why try to fool this committee? Come through clean. There isn't a man in this room, in this country, to believe that statement of yours, that you didn't know gambling was going on in there. Tell the truth. You are under oath.

Mr. A'HEARN. I never seen any.

Senator TOBEY. You never saw it because you didn't push the door open. What did you escort that money back for? For gambling purposes, of course, that's elementary. Any high-school child knows that. They paid you \$10 a night for it, and you got \$70 a week.

Mr. HALLEY. This witness has testified previously that he knew there was gambling going on in these places.

Mr. A'HEARN. No, I don't remember testifying to it.

Mr. HALLEY (reading) :

Q. Had you never heard that there was wide-open gambling going on there?—

A. Yes, I have heard it.

Mr. A'HEARN. As far as public opinion is concerned; yes.

Mr. HALLEY. And do you remember saying:

Well, there have been times when we had reports that gambling has been going on there—have come to your attention.

Do you remember testifying to that?

Mr. A'HEARN. No, I do not, Mr. Halley.

Mr. HALLEY. Well, if I read your testimony on page 5340.

Mr. A'HEARN. Well, there have been times when reports that gambling has been going on that has come to our attention.

You do not deny saying that; do you?

Mr. A'HEARN. Yes, I remember that now.

Mr. HALLEY. Why do you tell Mr. Shivitz now that you thought that money was for the bar and saloon, and all that nonsense?

Mr. A'HEARN. They would come into police headquarters and make complaints.

Mr. HALLEY. But you are under oath. Maybe nothing can happen to you in Saratoga for whatever you do up there. But if you perjure yourself here, something can happen to you.

Now, will you please answer Mr. Shivitz' questions honestly.

Senator TOBEY. And amplifying Counsel Halley's comments, on page 5340, Mr. Halley asked him:

Had you never heard there is wide-open gambling going on there?

Mr. A'HEARN. Yes, I heard.

Mr. HALLEY. Why didn't you walk in and find out?

Mr. A'HEARN. Well, I never had no orders to.

Mr. HALLEY. Wouldn't you do it without orders as a detective?

Mr. A'HEARN. Well, I still wanted to work.

The CHAIRMAN. All right, Mr. Shivitz.

Mr. SHIVITZ. There was a time when your chief, Chief Rox, spoke to you about your escorting the money from these clubs; wasn't there?

Mr. A'HEARN. There was.

Mr. SHIVITZ. What did he say to you?

Mr. A'HEARN. It was the second year that we started it; he asked me, and I told him, "Yes, we were doing it."

Mr. SHIVITZ. What did he tell you after that?

Mr. A'HEARN. And I said, "Do you want us to stop it?"

He said, "Well, I will let you know."

And he never come back and said any more to us.

Mr. SHIVITZ. So you continued the practice?

Mr. A'HEARN. I did; yes.

Mr. SHIVITZ. And they used to give you \$10 every night?

Mr. A'HEARN. That is true.

Mr. SHIVITZ. And used to give your partner \$10, also?

Mr. A'HEARN. That's right.

The CHAIRMAN. What was that \$10 for, each club?

Mr. A'HEARN. No. That was just the Piping Rock; at Arrowhead, we got \$50.

The CHAIRMAN. At Arrowhead you got \$50?

Mr. A'HEARN. That's right.

The CHAIRMAN. \$50 a night?

Mr. A'HEARN. No; \$50 a week.

The CHAIRMAN. One place you got \$70 a week, and the other place you got \$50 a week?

Mr. A'HEARN. \$50 a week.

The CHAIRMAN. What time would you take the money over there?

Mr. A'HEARN. Oh, it would be around 7 o'clock, a little after 7.

The CHAIRMAN. What would it be in; would you take a man over with you?

Mr. A'HEARN. Well, the man from the club would——

The CHAIRMAN. He would meet you at the bank, and you would drive him over?

Mr. A'HEARN. That's right.

The CHAIRMAN. The idea was that he had so much money on him that he didn't want to be held up; is that the idea?

Mr. A'HEARN. Well, I imagine that was, he didn't want to be held up.

The CHAIRMAN. That would be the only purpose of having you escort him, wouldn't it?

Mr. A'HEARN. I would imagine so. I wouldn't know.

The CHAIRMAN. Then would you take the men along at the Arrowhead and at Piping Rock at the same time, pick them both up at the same time?

Mr. A'HEARN. No.

The CHAIRMAN. You would make one trip for one, and go back and get the other?

Mr. A'HEARN. That's right.

The CHAIRMAN. What did they have the money in; a bag or what?

Mr. A'HEARN. It was a brown bag.

The CHAIRMAN. Brown bag?

Mr. A'HEARN. Canvas bag, regular bank canvas bag.

The CHAIRMAN. How much did they have in the bag; do you know?

Mr. A'HEARN. No, I have no idea.

The CHAIRMAN. Did they ever tell you?

Mr. A'HEARN. No.

The CHAIRMAN. How big a bag, about this big?

Mr. A'HEARN. No. It was just about that big.

The CHAIRMAN. Then what time did you pick them up to bring them back to the bank?

Mr. A'HEARN. Well, a little after 3; between 3 and 4 o'clock; somewhere around there.

The CHAIRMAN. In the morning?

Mr. A'HEARN. In the morning.

The CHAIRMAN. And then would the banks stay open so that they could get in?

Mr. A'HEARN. No, they put it in the night depository inside the building.

The CHAIRMAN. Well, the people didn't do a lot of eating after 2 o'clock in the morning, did they?

Mr. A'HEARN. Well, they kept the restaurant and the bar open to 3 o'clock, as far as I know.

The CHAIRMAN. Did you stay up all night, or was that your regular beat?

Mr. A'HEARN. No, I was on the night detail.

The CHAIRMAN. You were on the night detail?

Mr. A'HEARN. Yes.

The CHAIRMAN. Do you think it was rather strange to keep all that money there until 3 o'clock in the morning just to run a restaurant?

Mr. A'HEARN. Well, I wouldn't know.

The CHAIRMAN. You would not know. Well, let us see.

You had half the police force escorting money there?

Mr. A'HEARN. I had half the police force escorting money there?

The CHAIRMAN. Well, you and one other detective. Those were all the detectives there were, isn't that right?

Mr. A'HEARN. No, he was not a detective. He was a patrolman.

The CHAIRMAN. I say half the detective force, because there were only two detectives, and they had only two patrolmen besides Mr. Rox, didn't they?

Mr. A'HEARN. I don't understand your question, Senator.

The CHAIRMAN. Well, you and Peets did the escorting, when you were on duty?

Mr. A'HEARN. That is true.

The CHAIRMAN. And besides you, you had only one other detective, and his name was George West?

Mr. A'HEARN. That's right.

The CHAIRMAN. So that half of the detective force was used in escorting money.

Now, how many patrolmen were there?

Mr. A'HEARN. Well, in the summertime, they would put on 30, 35 patrolmen.

The CHAIRMAN. And why did you pick out a patrolman to help you?

Mr. A'HEARN. Well, the chief assigned him to me. He had been with me for several summers, eight or nine summers.

The CHAIRMAN. Assigned him to you to escort the money, or to work generally?

Mr. A'HEARN. To work generally with me, into the cars—always have two men into a car.

The CHAIRMAN. Who would drive the car, you or he?

Mr. A'HEARN. Both of us. We would alternate.

The CHAIRMAN. Were you the head of the vice squad in Saratoga?

Mr. A'HEARN. No, sir.

The CHAIRMAN. You were just the head of the detective squad?

Mr. A'HEARN. I am not the head of the detective squad either.

The CHAIRMAN. Who is the head of it?

Mr. A'HEARN. There is no head.

The CHAIRMAN. If it had a head, you would be considered the head, would you not?

Mr. A'HEARN. I don't know if I would or not. There were only two detectives.

Mr. SHIVITZ. Just to sum this up, Mr. Ahearn, you knew that single-handed, yourself, you could not stop this gambling situation in Saratoga? Didn't you realize that?

Mr. A'HEARN. Yes; I realized that.

Mr. SHIVITZ. And you felt that as long as it had to go on, you didn't want to have more crime like hold-ups, so that you thought the best thing to do would be to have the police escort the money to the bank, and you would have the least amount of trouble; isn't that so?

Mr. A'HEARN. Well, that didn't come to my attention or thought when I first started doing it.

Mr. SHIVITZ. But you thought it would be a way of avoiding further crime, did you not?

Mr. A'HEARN. It would have; yes.

Mr. SHIVITZ. And as long as you figured that, you figured you might as well do a little good for your partner and yourself, and get some extra money?

Mr. A'HEARN. Not only that, but it was an extra job.

Mr. SHIVITZ. And later on, the chief asked you——

Mr. A'HEARN. He asked me if we were doing it, and I admitted it.

Mr. SHIVITZ. And he didn't object?

Mr. A'HEARN. He didn't object. He said he would let me know.

Senator TOBEY. Wasn't the chief doing it himself, only in reverse English?

Mr. A'HEARN. Well, to the raceway.

Senator TOBEY. Well, he was doing it? He was escorting the money from the clubs to bank, wasn't he?

Mr. A'HEARN. Not from no clubs. From the raceway.

Senator TOBEY. What was he doing when he drove his car and took the club money? Where was he going?

Mr. A'HEARN. To the raceway.

Senator TOBEY. The chief himself?

Mr. A'HEARN. Yes.

Senator TOBEY. He couldn't object much to your doing it, then, could he?

Mr. A'HEARN. I don't know.

Senator TOBEY. You asked his advice, and he was playing the same game.

The CHAIRMAN. How many of these places were outside of the city limits?

Mr. A'HEARN. There was none. We have what we call the inside and outside tax district.

The CHAIRMAN. Yes?

Mr. A'HEARN. And the ones on the outside tax district comes in our—in under our supervision. In other words, there is two tax districts. They are still within the city limits.

The CHAIRMAN. How about Reilly's place? That is out in the county, isn't it?

Mr. A'HEARN. No.

The CHAIRMAN. Isn't it?

Mr. A'HEARN. No.

The CHAIRMAN. Well, the sheriff said it was.

Mr. A'HEARN. He must have been mistaken.

The CHAIRMAN. How about the sheriff? Did he ever do anything about closing these places?

Mr. A'HEARN. Not that I know of.

The CHAIRMAN. Weren't they closed up at one time in 1939 or 1940?

Mr. A'HEARN. 1938, 1939, and 1940.

The CHAIRMAN. Who closed them then, the State people?

Mr. A'HEARN. I don't know. They just never opened to my knowledge.

The CHAIRMAN. Outside of that, though, since then they haven't? They have been open all along, except last year?

Mr. A'HEARN. I think——

The CHAIRMAN. Except during the war and except last year?

Mr. A'HEARN. They were open last year, they were open last year.

The CHAIRMAN. They were open?

Mr. A'HEARN. Yes.

The CHAIRMAN. You mean the gambling places?

Mr. A'HEARN. No; the night clubs.

The CHAIRMAN. How about the gambling places?

Mr. A'HEARN. That I wouldn't know.

The CHAIRMAN. You don't know whether they were ever opened or not?

Mr. A'HEARN. Well, we didn't do no escorting last summer.

Senator TOBEY. You are a graduate of the FBI School, aren't you?

Mr. A'HEARN. Yes, sir.

The CHAIRMAN. Well, now, I think we all know what that school is. It is a course that any chief of police or policeman can come to in Washington for several weeks. I am sure that is not any reflection on them.

Senator TOBEY. No, no; it just shows that he hasn't the qualifications or preparation for this job.

The CHAIRMAN. Very well. Is there anything else?

Mr. SHIVITZ. No.

The CHAIRMAN. That is all, Mr. A'Hearn.

Who is our next witness?

Mr. HALLEY. Mr. Crane.

The CHAIRMAN. Come around, Mr. Crane.

Do you solemnly swear that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CRANE. Yes, sir.

TESTIMONY OF JOHN P. CRANE, PRESIDENT, LOCAL 94, INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, NEW YORK, N. Y., ACCOMPANIED BY MR. GELB, ATTORNEY, NEW YORK, N. Y.

The CHAIRMAN. Now, Mr. Crane, what is your full name?

Mr. CRANE. John P. Crane.

The CHAIRMAN. John P. Crane.

Counsel, sir?

Mr. GELB. Sol Gelb, 30 Broad Street.

The CHAIRMAN. Thank you, sir.

All right, Mr. Halley.

Mr. HALLEY. Your full name is John P. Crane?

Mr. CRANE. Yes, sir.

Mr. HALLEY. What is your occupation?

Mr. CRANE. I am president of a labor union.

Mr. HALLEY. What is that labor union?

Mr. CRANE. Local 94, International Association of Fire Fighters.

Mr. HALLEY. What is the business address?

Mr. CRANE. 63 Park Row.

Mr. HALLEY. Mr. Crane, how long have you been president of that union?

Mr. CRANE. Since August 8, 1945.

Mr. HALLEY. What are your duties as president of the union? Perhaps first you might tell the committee a little bit, just briefly, the jurisdiction of the union.

Mr. CRANE. The jurisdiction of local 94 is all members of the uniformed force with the rank of probationary, fourth, third, second, and first-grade firemen.

Mr. HALLEY. You conduct various negotiations with the city of New York with respect to the working conditions of the firemen?

Mr. CRANE. I do that, and I also lobby for legislation in Albany.

Mr. HALLEY. What is your particular personal function in connection with the union?

Mr. CRANE. I am the president of the union and I run the union completely.

Mr. HALLEY. You are sort of a one-man board of directors; is that right?

Mr. CRANE. No; I have an executive board consisting of 10 men, of which I am chairman, and I preside over all meetings.

Mr. HALLEY. Who handles the finances of the union?

Mr. CRANE. Under our constitution all incoming money is handled by the financial and recording secretary, and when he takes dues in or other sources of income he turns it over to the treasurer by check, who deposits the money in its proper account.

Mr. HALLEY. Who may withdraw the money from the bank?

Mr. CRANE. The money was withdrawn on the signature of the president, the treasurer, and the chairman of the board of trustees, which is the auditing group of the organization.

Mr. HALLEY. You can withdraw money yourself?

Mr. CRANE. No, sir; I cannot draw the money on my own signature. It takes three signatures.

Mr. HALLEY. But you can with the other signatures?

Mr. CRANE. Yes, I can.

Mr. HALLEY. And you have on occasion withdrawn certain funds?

Mr. CRANE. I have on occasion ordered the treasurer to withdraw the funds for me.

Mr. HALLEY. Did you on occasion make a campaign contribution to anybody in connection with any election, local, State, or National?

Mr. CRANE. I refuse to answer that question on the grounds that it may tend to incriminate me.

Mr. HALLEY. I believe that the press carried a story which was undenied that you made a campaign contribution of \$2,500 to Mr. John Crews; do you recall that?

Mr. CRANE. I refuse to answer that question on the ground it may tend to incriminate me.

Mr. HALLEY. Mr. Chairman, will you order the witness to answer the question?

Senator TOBEY. You are ordered to answer that question.

Mr. GELB. Incidentally, do these things carry consultations?

Mr. HALLEY. They might. If you cup your hands over them they may not, or if you care to step away.

Mr. GELB. No; I don't want to step away, but I want to consult without the whole country listening.

Mr. HALLEY. That is a perfectly proper request, Mr. Gelb.

Mr. CRANE. I read in the New York Times that I had contributed \$3,500 as a campaign contribution to John R. Crews.

Mr. HALLEY. Did you ever deny that?

Mr. CRANE. I was never questioned on it by the newspapers.

Mr. HALLEY. Were you ever questioned on it by anybody?

Mr. CRANE. Yes.

Mr. HALLEY. And did you deny it?

Mr. CRANE. I refuse to answer on the ground that it may tend to incriminate me.

Senator TOBEY. You are ordered to answer the question of counsel.

Mr. CRANE. That is my answer, Senator.

Mr. HALLEY. Did you ever read in the newspapers that you had been called before the New York County Grand Jury?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Were you in fact called before the New York County Grand Jury?

Mr. CRANE. I was in fact called.

Mr. HALLEY. Were you asked questions there?

Mr. CRANE. I was.

Mr. HALLEY. Were you by any chance asked about the campaign contributions to Mr. Crews?

Mr. CRANE. Yes.

Mr. HALLEY. Did you by any chance admit that you made it?

Mr. CRANE. I refuse to answer on the ground it may tend to incriminate me.

Senator TOBEY. The same order applies, sir.

Mr. GELB. May I ask, has the witness a right to plead his constitutional privilege?

Senator TOBEY. He can plead his constitutional privileges, but in order to have the record clear, this committee has decided long since to order the questions answered prior to contempt proceeding being instituted.

Mr. GELB. I am curious to know, has he a constitutional privilege or hasn't he?

Mr. HALLEY. He has a constitutional privilege which would protect him from answering any questions—

Mr. GELB. Which may incriminate him.

Mr. HALLEY. Where he conscientiously believes the answer, it may honestly, would tend to incriminate him of some Federal violation.

Mr. GELB. That is exactly the point. Title 18, U. S. Code 610, he has that in mind, conscientiously has that in mind.

Mr. HALLEY. What has he in mind?

Mr. GELB. Title 18, U. S. Code 610, contributions made by a member of a labor organization in behalf of the organization to a candidate running for Federal office, is guilty of a crime.

Mr. HALLEY. Do you know of any Federal office for which Mr. John Crews ran in the last 10 years?

Mr. GELB. No, no; he knows.

Mr. HALLEY. Does he?

Mr. GELB. He knows.

Senator TOBEY. What was the office, the Federal office, that Mr. Crews was running for, Mr. Witness?

Mr. GELB. He doesn't say Mr. Crews was running for office. But he knows. He must conscientiously feel, without telling.

Senator TOBEY. That is all covered by the law, isn't it?

Mr. GELB. The law distinctly recognizes that he must not give answers which furnish a link in a chain of evidence needed to prove a violation of a Federal law.

MR. HALLEY. Mr. Gelb, when the affirmative evidence before the committee is that the act was clearly in connection with a State election, the committee is entitled to make a finding that the assertion of privilege is not made conscientiously.

MR. GELB. But you can't search his mind to that extent.

MR. HALLEY. I don't have to search his mind. Mr. Crews wasn't running for any Federal office.

SENATOR TOBEY. I think you are smiling inside, Mr. Gelb.

MR. GELB. No, I am not; I am not. To me, this is not a speculative field of law; this is a well-established doctrine of law. And I read with dismay, when a witness—or I listen with dismay when a witness is told that he must answer, when he is rightfully pleading his constitutional privilege.

I have a great respect for the founders of the Constitution. And it is an unbroken principle of law throughout the history of this country; it has been upheld every time it has been tested.

Now, Mr. Crews wasn't running for office. But Mr. Crews was in politics, and there was a national election. And if he knows in his own mind, conscientiously, he says, "I refuse to answer on the grounds that it will violate my rights under the Constitution," I would say it is an affront to the witness to say that he will be held in contempt.

MR. HALLEY. I say that from what the committee knows of the situation, it is an affront to say to the committee that this was done with respect to a national election.

MR. GELB. You don't know that. And as a matter of fact, it just happens not to be so. What you say is not so.

MR. HALLEY. I can't believe that, from what I know of the situation.

MR. GELB. It is not so.

MR. HALLEY. From what I have read in the newspapers.

MR. GELB. Positively not so. I am saying it to you. You can check on it.

MR. HALLEY. We will have Mr. Crews here and settle it very well.

In the meantime, Mr. Chairman, will you order the witness to answer?

SENATOR TOBEY. I have so ordered. Because we are making a record here to show what transpires, primarily, in a preface to moving for contempt of the witness.

MR. GELB. The reason I press this point is, I should like to vindicate the principle of law for which I am contending.

SENATOR TOBEY. You can reserve your rights under this.

MR. GELB. All right.

MR. HALLEY. I take it the witness persists in his refusal to answer?

MR. GELB. That's right.

MR. HALLEY. His refusal is noted on the record, and we will turn to the next question.

MR. GELB. By the way, may I say one more thing: This witness testified in the grand jury of New York County. He testified without signing a waiver of immunity. He receives immunity.

This committee hasn't got the power to give him immunity, and that's the reason the witness takes the position he does, because you cannot give him immunity.

MR. HALLEY. This committee is working on information received from sources other than the grand jury.

MR. GELB. I didn't say that. I say you can't give him immunity.

Mr. HALLEY. And this committee is not concerned with his immunity or lack of it, under State laws.

Mr. GELB. No, no; Federal law.

Mr. HALLEY. The Federal sovereignty is different from the State sovereignty, as you will know.

Mr. GELB. You cannot give him immunity under the Federal law.

Mr. HALLEY. Under Federal law, if he claims immunity, he obtains immunity under the Federal statute, which is that any testimony he gives here cannot be used against him in any Federal prosecution.

Mr. GELB. That is not immunity, you know that. In *Counselman v. Hitchcock*, the United States Supreme Court pointed out that that type of statute wasn't broad enough to give him immunity. Therefore, you couldn't compel a witness to answer.

Mr. HALLEY. We have argued the point. We don't believe any Federal law is involved here.

Mr. GELB. I am really astonished, because I can tell it to you in a moment, if you want to know. I can tell you the facts off the record. I can give it to you.

Mr. HALLEY. Let's go ahead, Mr. Gelb, do you mind?

Now, Mr. Crane, leaving behind us any moneys you might have given to Mr. Crews, for any purpose whatsoever, and without any regard to any money given to Mr. Crews, can you state to the committee whether you ever received from the funds of your union any other money during the years 1946 and 1947?

Mr. CRANE. I refuse to answer on the grounds that it may tend to incriminate me.

Mr. HALLEY. During the year 1947, when there was no election for any Federal office that I can think of, did you receive sums of money from the treasury of your union?

Mr. CRANE. I refuse to answer on the grounds that it may tend to incriminate me.

Mr. HALLEY. Do you know Mr. James Moran?

Mr. CRANE. Yes, sir; I know Mr. James Moran.

Mr. HALLEY. How long have you known him?

Mr. CRANE. I have known him since he was appointed first deputy fire commissioner.

Mr. HALLEY. And in what year was he so appointed, if you know?

Mr. CRANE. 1946.

Mr. HALLEY. During 1947 was he first deputy fire commissioner?

Mr. CRANE. Yes, sir.

Mr. HALLEY. During 1947 did you on occasion give any money to Mr. James Moran?

Mr. CRANE. I refuse to answer on the grounds it may tend to incriminate me.

Mr. HALLEY. Will you order the witness to answer the question?

Mr. GELB. Wait a minute. May I say: Title 26, U. S. Code, section 1024, covers the point—Federal Law.

Mr. HALLEY. I don't believe it does.

Senator TOBEY. Mr. Gelb, the committee is acting, as it has acted heretofore, and we believe it is right; and on our faith in ourselves, our judgment, our good intentions, we order the witness to answer the questions he has refused to answer, and every other question he refuses to answer as the afternoon goes on.

Mr. GELB. May I add something?

Senator TOBEY. Yes.

Mr. GELB. All courts respect the right of a witness who conscientiously feels that his answer may incriminate him to refrain from answering, and if it be but one answer, and it reasonably may furnish one link in a chain, that's sufficient grounds. And that's exactly the basis on which he is refusing to answer.

Senator TOBEY. Well, if the Senate cites him for contempt, it will go before the Senate as a whole for a vote, and then it will go to the United States district attorney, and the matter will be adjudicated in due course.

Mr. GELB. I understand that. The only thing that disturbs me is that if a legal argument is made, I cherish some desire or hope that it may influence the committee. I mean, I don't make it to hear my words come out.

Mr. HALLEY. Mr. Chairman, I don't know of any Federal statute that would be violated.

Mr. GELB. The Federal gift tax.

Mr. HALLEY. The what?

Mr. GELB. The gift tax. It is a crime not to pay a tax on a gift.

Mr. HALLEY. Well, he could pay his tax.

Mr. GELB. It's a crime.

Mr. HALLEY. He could pay his tax.

Mr. GELB. It's a crime; I mean I am not being far-fetched.

Mr. HALLEY. I am not sure it was a gift. It may have been money for value received.

Mr. GELB. He knows best, not you.

Mr. HALLEY. As a matter of fact, I have a very good idea it was money for value received.

Mr. GELB. But you cannot question—

Mr. HALLEY. He didn't make the gift. Now, you are taking the two—

Mr. GELB. I didn't say he made a gift. It could be a violation of 26 United States Code, section 1024, it could be construed as income to him; it could be a violation of 18 United States Code 1045. I say it could be a violation of Federal law—reasonably be so. This witness is particularly invoking his right in a very, I should say, moderate way, because he has statutes that he puts to you, which it isn't easy to get away from.

Mr. HALLEY. Of course, if he didn't hand any moneys over to Mr. Moran, I take it there would not be a gift tax involved.

Mr. GELB. If you could give him immunity, we might not have this quibble.

Mr. HALLEY. Well, we won't have a quibble anyway, because this committee isn't here to quibble. The committee is here to get some facts.

Now, I see the point you are making; but I think it is not a fair point because if the gift tax was due, it was due from the union. The witness testified they were union funds. He wouldn't be guilty. The union would.

Mr. GELB. Under criminal statutes, the individual carries the burden of guilt.

Mr. HALLEY. I think that is far too tenuous.

Mr. GELB. I am not making the statement carelessly.

Mr. HALLEY. I will ask the committee to rule.

Mr. GELB. I think you would rather not set a precedent.

Mr. HALLEY. I would rather get the testimony.

Mr. GELB. I would rather he give it to you.

Mr. HALLEY. I think, Mr. Gelb, this testimony is the most vital testimony in the course of this investigation to date, and we have had some pretty vital testimony.

Mr. GELB. I would rather give to to you, if you could give him immunity.

Senator TOBEY. The committee rules he must answer.

Mr. CRANE. I'm sorry, Senator.

Mr. HALLEY. Did you say you had testified before the grand jury of New York County?

Mr. CRANE. I did, sir.

Mr. HALLEY. Now, did you, on a number of occasions in the year 1949, withdraw money from the treasury of your union?

Mr. CRANE. I refuse to answer on the ground it may tend to incriminate me.

Mr. HALLEY. Would you order the witness to answer?

Senator TOBEY. I order the witness now to answer that question.

Mr. HALLEY. And did you in the year 1949 turn over any sums of money to Mr. Moran?

Mr. CRANE. I must refuse to answer on the grounds it may tend to incriminate me.

Senator TOBEY. You are ordered to answer this question, also.

Mr. CRANE. I'm sorry, Senator. Excuse me a second.

Mr. HALLEY. Now, in the year 1949 was there any Federal election in progress, of which you know?

Mr. CRANE. Yes, sir; there was.

Mr. HALLEY. What was that.

Mr. CRANE. The United States Senator.

Mr. HALLEY. And did you make any contributions to the campaign of any United States Senator?

Mr. CRANE. I refuse to answer on the grounds it may tend to incriminate me.

Mr. HALLEY. Was there a purely local election in the year 1949 for mayor of the city of New York?

Mr. CRANE. Yes, sir; there was.

Mr. HALLEY. Did you make any contribution on behalf of your union, or personally, in connection with the campaign for mayor of the city of New York?

Mr. GELB. This is an awful way to consult with the witness.

Mr. HALLEY. Why don't you step down with the witness, because this time I don't see any Federal gift tax. It's a nice local question.

The CHAIRMAN. Suppose we take a 10-minute recess. Will somebody on the staff see that they have a private room?

Mr. GELB. I don't need a room.

The CHAIRMAN. I know, but we want you to have plenty of opportunity.

Mr. GELB. That much comfort I don't want—just to be able to talk to him privately for a couple of minutes.

The CHAIRMAN. We will have a 10-minute recess.

(Whereupon, a 10-minute recess was taken.)

The CHAIRMAN. The committee will come to order.

Let the record show that pursuant to authority by resolution of the whole committee, that the chairman appoints himself as a committee of one to conduct this hearing this afternoon, for the rest of the afternoon, to swear witnesses and to take sworn testimony and to make such other rulings as may be required.

Proceed, Mr. Halley.

Mr. HALLEY. Mr. Crane, did you make any withdrawals from the treasury of your union or cause any to be made from the treasury of your union during the year 1949 for the purposes of conveying cash moneys to any persons?

Mr. CRANE. I can't answer that on the grounds it may tend to incriminate me.

Mr. HALLEY. Well, did you make any such withdrawals for the purpose of conveying cash moneys to persons in cases which had nothing to do with any election?

Mr. CRANE. Will you repeat the question, please?

Mr. HALLEY. Did you make any withdrawals from the treasury of your union for the purpose of delivering cash moneys to any person during the year 1949 for a purchase which might have had nothing to do with any election whatsoever?

Mr. CRANE. I must refuse to answer that on the grounds it may tend to incriminate me.

Mr. HALLEY. Now, returning to Moran, did you see him from time to time during the year 1947?

Mr. CRANE. Constantly.

The CHAIRMAN. Mr. Crane, you are a very large, healthy looking man. Now, you speak up so we can hear.

Mr. HALLEY. Did you ever discuss with him his financial condition?

Mr. CRANE. No, sir.

Mr. HALLEY. Did he ever discuss with you whether he was a wealthy man or a poor man, whether he had assets?

Mr. CRANE. Well, I can only say at one time he remarked that he was a poor man and he had to borrow money to buy a car, and he showed me something about the borrowed book—I don't even remember what the loan company was. There was such a book, however.

Mr. HALLEY. After that did you have any financial transactions with Mr. Moran?

Mr. CRANE. I must refuse to answer that on the grounds it may tend to incriminate me.

Mr. HALLEY. Mr. Chairman, in view of the fact that on examination of the law I think there is at least a reasonable question about the discriminate features of the answer, and in view of the witness' and his counsel's statement that if the witness answered the questions conscientiously and honestly the answers would tend to incriminate him under Federal laws—is that right, Mr. Gelb?

Mr. GELB. Yes, sir; yes, sir. I include 26 United States Code, section 1006, as well as 1024.

Mr. HALLEY. In view of those—

The CHAIRMAN. That is the gift-tax law?

Mr. GELB. Yes, sir.

Mr. HALLEY. In view of those statements, I will not ask the committee to press for an answer at this time but to keep the witness under subpena.

The CHAIRMAN. Unfortunately, I was out of the hearing room during part of the testimony.

The witness has refused to answer about certain campaign gifts that he made with money out of his union; is that correct?

Mr. GELB. That's right.

The CHAIRMAN. Or questions in connection with that.

Mr. HALLEY. That's right.

The CHAIRMAN. I think there is a distinction between a Federal contribution and a State contribution.

Mr. HALLEY. I think the point here is that these contributions were for mixed purposes; is that right, Mr. Gelb?

Mr. GELB. That's right.

Mr. HALLEY. Mr. Chairman, the witness was also questioned about whether he made any gifts to Mr. Moran in nonelection years for purposes completely separate from campaign purposes, and I believe he refused to answer them also on the ground that the answer would incriminate him.

Mr. GELB. Yes, sir.

Mr. HALLEY. And the theory being that in some way there might be a reasonable expectation that a gift tax would be due; is that right?

Mr. GELB. That's correct.

Mr. HALLEY. And that he might, even though the money of the union, that he as an officer might be held responsible; is that right?

Mr. GELB. That's correct.

Mr. HALLEY. Under the circumstances, Mr. Chairman, I would recommend that the committee attempt to pursue this line of inquiry through other witnesses and in other ways, and suspend judgment on whether to insist on an answer from this witness, at this time.

The CHAIRMAN. Mr. Crane, you will be directed to come back on Tuesday. Report back to the committee on Tuesday, and you can be here, Counsel?

Mr. GELB. Yes, sure.

Mr. HALLEY. I would like to point out that, of course, the witness does not have to plead his constitutional privilege, and that the committee will continue to try to persuade Mr. Crane to testify, despite his privilege.

Mr. GELB. You should try to persuade Congress to give the committee greater power.

Mr. HALLEY. You mean, power to grant immunity?

Mr. GELB. Yes, sir. Our State law has many instances where the legislative committees have the power to grant immunity, and other agencies have the power to grant immunity; and it works very well.

Mr. HALLEY. Maybe we can skin this cat another way.

The CHAIRMAN. All right. You will be back on Tuesday morning, Mr. Crane.

Mr. CRANE. All right, sir.

Mr. HALLEY. May we have Mr. Moran.

The CHAIRMAN. Let's have Mr. Moran come around.

I wonder if it would not be possible for us to have the witnesses, the ones we are going to call, closer at hand, because we have these delays from time to time.

Mr. Moran, do you solemnly swear that the testimony you give this committee will be the whole truth, so help you God?

Mr. MORAN. I do.

FURTHER TESTIMONY OF JAMES J. MORAN, BROOKLYN, N. Y.

Mr. HALLEY. What is your full name, Mr. Moran?

Mr. MORAN. James J. Moran.

Mr. HALLEY. What is your address?

Mr. MORAN. 545 Eighth Street, Brooklyn.

Mr. HALLEY. What is your position, Mr. Moran?

Mr. MORAN. Commissioner in the board of water supply.

Mr. HALLEY. How long have you held that position?

Mr. MORAN. Eight months.

Mr. HALLEY. Mr. Moran, how long have you been in the employ of the city of New York?

Mr. MORAN. Twenty-two years.

Mr. HALLEY. What was the first post you held in the New York City government?

Mr. MORAN. Court attendant in the county court.

Mr. HALLEY. When was that?

Mr. MORAN. January 1, 1929.

Mr. HALLEY. Who appointed you to that post?

Mr. MORAN. No one appointed me to it.

Mr. HALLEY. You took a test?

Mr. MORAN. I did.

Mr. HALLEY. And thereafter did you become a clerk to Mr. O'Dwyer when he held a judicial post?

Mr. MORAN. I did not.

Mr. HALLEY. Did you hold any post under Mr. O'Dwyer while he was a judge?

Mr. MORAN. I was a court attendant.

Mr. HALLEY. You were a court attendant?

Mr. MORAN. That's right.

Mr. HALLEY. Were you assigned to his court?

Mr. MORAN. That's right.

Mr. HALLEY. For how many years did you work with Mr. O'Dwyer?

Mr. MORAN. About 2 years.

Mr. HALLEY. When Mr. O'Dwyer became district attorney of Kings County, did you go to the district attorney's office with him?

Mr. MORAN. I did.

Mr. HALLEY. And what post did you hold in the district attorney's office?

Mr. MORAN. Chief clerk.

Mr. HALLEY. What are the duties of the post of chief clerk in the district attorney's office?

Mr. MORAN. Well, the duties of a chief clerk in any office are really to be in charge of the personnel.

Mr. HALLEY. What does that mean? Are you in charge of the professional personnel, as well as the nonprofessional?

Mr. MORAN. No.

Mr. HALLEY. The nonprofessional?

Mr. MORAN. The nonprofessional.

Mr. HALLEY. And did that include the handling of records and files, and things like that, too?

Mr. MORAN. That's right.

Mr. HALLEY. How long did you hold the post of chief clerk in the district attorney's office?

Mr. MORAN. From the 1st of January 1940 to the 15th of August 1945.

Mr. HALLEY. And under what circumstances did you leave the district attorney's office?

Mr. MORAN. I resigned.

Mr. HALLEY. What was your next occupation?

Mr. MORAN. First deputy fire commissioner.

Mr. HALLEY. Of the city of New York?

Mr. MORAN. That's right.

Mr. HALLEY. You were appointed by Mayor O'Dwyer?

Mr. MORAN. I was.

Mr. HALLEY. How long did you hold that post?

Mr. MORAN. From the 16th of February 1946 until the 6th of July 1950.

Mr. HALLEY. Did you resign from that post?

Mr. MORAN. No; I wouldn't call it resigning. I got the other job in the board of water supply and left the fire department.

Mr. HALLEY. And you moved to the board of water supply?

Mr. MORAN. Although the real interpretation would be I resigned.

Mr. HALLEY. And you are now a member of the board of water supply?

Mr. MORAN. I am.

Mr. HALLEY. I understand that that is a post that you hold for good conduct; that is, of indefinite duration; is that right?

Mr. MORAN. That's right; and while there is still the demand for water.

Mr. HALLEY. And what are the duties—

The CHAIRMAN. That is going to be a long time in the State of New York.

Mr. HALLEY. What are the duties of the commissioner of water supply?

Mr. MORAN. Well, the commissioners of the board of water supply are really an advisory board to the engineering staff of the board of water supply, and do the administrative work.

Mr. HALLEY. Who makes the decisions—the engineering staff or the commissioners?

Mr. MORAN. That's right.

Mr. HALLEY. The engineering staff?

Mr. MORAN. They do; in most cases.

Mr. HALLEY. Well, what do the commissioners do? Who signs the orders?

Mr. MORAN. The commissioners.

Mr. HALLEY. They actually make the orders?

Mr. MORAN. That's right.

Mr. HALLEY. And if you disagree with the engineering staff, you can, in all good conscience, supersede their judgment; is that right?

Mr. MORAN. Yes.

Mr. HALLEY. The ultimate responsibility is yours?

Mr. MORAN. That's right.

Mr. HALLEY. Do you consider yourself by training qualified for that post, Mr. Moran?

Mr. MORAN. Mr. Halley, I object to the question because of a lot of remarks that have been passed by the Senator from New Hampshire as to my qualifications. I feel I am qualified for any job.

Mr. HALLEY. What are the qualifications that you possess for the particular post of commissioner of water supply?

Mr. MORAN. Well, it would be almost like asking what qualifications they had for United States Senator there.

Mr. HALLEY. Well, that question might very well be answered by some people.

Mr. MORAN. And if I were allowed to question them, they might not like it.

Mr. HALLEY. Have you ever had an engineering degree?

Mr. MORAN. I haven't.

Mr. HALLEY. Have you ever gone to engineering school?

Mr. MORAN. I didn't.

Mr. HALLEY. What was your qualifications for the post of deputy fire commissioner?

Mr. MORAN. The same thing. It is an administrative post.

Mr. HALLEY. It is an administrative post which needs no special qualifications, in your opinion?

Mr. MORAN. That's right; that's right.

Mr. HALLEY. You had no technical training for the position?

Mr. MORAN. I didn't.

Mr. HALLEY. And you knew nothing about the fire department when you went in there; is that right?

Mr. MORAN. That 's right.

Mr. HALLEY. Now, as chief clerk of the district attorney's office, was your post primarily a personal relationship to District Attorney O'Dwyer, or was it a post which required you to supervise a great many people?

Mr. MORAN. It was a post that required me to do an awful lot of work.

Mr. HALLEY. Supervising a large staff?

Mr. MORAN. That's right.

Mr. HALLEY. You never had previously done anything like that, had you?

Mr. MORAN. I had.

Mr. HALLEY. Will you explain when and where?

Mr. MORAN. Prior to going into the county court, I was a legal stenographer, and I had charge of various law offices.

In addition to that, while I was in the county court, I was in charge of the office for the trustees of Paramount Pictures Corp., at night.

Mr. HALLEY. I don't understand that. Who appointed you to that post?

Mr. MORAN. I was just hired for it.

Mr. HALLEY. And what court was administering the Paramount Pictures?

Mr. MORAN. The Federal court.

Mr. HALLEY. And the trustee hired you?

Mr. MORAN. The attorneys for the trustees hired me.

Mr. HALLEY. Would that be in the nature of a political appointment?

Mr. MORAN. It would not.

Mr. HALLEY. Well, aren't those receivership appointments generally considered to be patronage?

Mr. MORAN. No job where you have to work is patronage.

Mr. HALLEY. Then you have never had a patronage job, in your opinion?

Mr. MORAN. Until the one I have now. Yes, I consider the one I have now is a patronage job. I consider that I was fortunate to have someone friendly enough to get the job.

Mr. HALLEY. Do you think you have the job out of personal friendship of O'Dwyer?

Mr. MORAN. I think I have it out of personal friendship, the same way that your appointment to this committee may be a personal one.

Mr. HALLEY. I assure you, it came from no personal relationship with anyone.

Mr. MORAN. Well, I won't go into that.

Mr. HALLEY. Well, I want that to be perfectly clear on the record.

Now, there has been a witness on the witness stand immediately before you named Crane, John Crane. Do you know him?

Mr. MORAN. I do.

Mr. HALLEY. How long have you known him?

Mr. MORAN. Since a month or two after I went in the fire department in February 1946.

Mr. HALLEY. And he was head of the firemen's union?

Mr. MORAN. Uniformed Firemen's Association.

Mr. HALLEY. And that he was the head of it; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. So far as you know, he still is?

Mr. MORAN. Except what I read in the papers, that he is and he isn't.

Mr. HALLEY. In any event, during all the time that you were in the fire department, he was the head of that union?

Mr. MORAN. That's right.

Mr. HALLEY. Did Mr. Crane ever make any gift to you?

Mr. MORAN. He did not.

Mr. HALLEY. Did he ever hand you any money?

Mr. MORAN. He did not.

Mr. HALLEY. Did he ever deliver any cash to you?

Mr. MORAN. He did not.

Mr. HALLEY. Did he ever turn over to you for any reason whatsoever anything of value?

Mr. MORAN. He did.

Mr. HALLEY. What was that?

Mr. MORAN. A check for \$500.

Mr. HALLEY. In what connection was that?

Mr. MORAN. It was in connection with a dinner of the Brownsville Boys' Club.

Mr. HALLEY. What did you have to do with it?

Mr. MORAN. I sent my check to the Brownsville Boys' Club for \$1,000 for a table of 10 tickets. The Uniformed Firemen's Association bought five of those tickets and five of their members attended the dinner.

Mr. HALLEY. In addition to that, did Mr. Crane turn over any other moneys or things of value to you?

Mr. MORAN. No.

Mr. HALLEY. He never turned over any check to you?

Mr. MORAN. No check that I remember was ever turned over to me except the one for \$500.

Mr. HALLEY. And no cash?

Mr. MORAN. That's right.

Mr. HALLEY. He testified that you once told him—I believe that I can paraphrase it—that you were a poor man. Did you ever complain to him about not having much money?

Mr. MORAN. I never complained to anybody about that.

Mr. HALLEY. Did you ever tell him that you had certain debts?

Mr. MORAN. I did not.

Mr. HALLEY. That you were having trouble paying them?

Mr. MORAN. I did not. I never had a poor mouth in my life.

Mr. HALLEY. Never what?

Mr. MORAN. I never had a poor mouth in my life.

Mr. HALLEY. A poor mouth?

Mr. MORAN. Yes.

Mr. HALLEY. I said "a poor man," not "a poor mouth."

Mr. MORAN. I said "a poor mouth," and the meaning of "a poor mouth" is that I never went around whining that I owned money or anything else, and I never collected money on the basis of being a poor man or anything else.

Mr. HALLEY. In any event, you never received any money from Mr. Moran?

Mr. MORAN. From Mr. Moran? Which Mr. Moran?

Mr. HALLEY. From Mr. Crane?

Mr. MORAN. No.

Mr. HALLEY. Did you ever receive any campaign contribution from Mr. Crane?

Mr. MORAN. I did not.

Mr. HALLEY. Did you ever solicit any campaign contribution from anyone?

Mr. MORAN. I did not.

Mr. HALLEY. Did you ever, during any of the election campaigns of Mr. O'Dwyer, receive any campaign contributions, either directly or indirectly?

Mr. MORAN. Well, it is barely possible that in 1945, when I was working over at the Brooklyn headquarters, the checks came in to me, but they were checks that came in in the mail and they weren't made payable to me, or anything else.

Mr. HALLEY. You never solicited anybody for a campaign contribution?

Mr. MORAN. Not once that I know of did I ever solicit for a campaign contribution.

Mr. HALLEY. In any campaign, State, Federal, or local; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And you never personally received any campaign contribution except as you have just stated?

Mr. MORAN. That's right.

Mr. HALLEY. Do you know Costello?

Mr. MORAN. I do.

Mr. HALLEY. When did you first meet him?

Mr. MORAN. As I explained to you in the closed hearing, it was either in 1942 or 1943; I wouldn't be sure of it.

Mr. HALLEY. What was the occasion of that meeting?

Mr. MORAN. It was on a visit with the then Major or Colonel O'Dwyer to the home of Frank Costello.

Mr. HALLEY. How did that come about?

Mr. MORAN. It came about as a result of Army investigation.

Mr. HALLEY. Will you explain the details, giving the committee the story.

Mr. MORAN. Well, it was a rumor, there was a rumor that Costello was mixed up with some people who were making trouble for the Army out at Wright Field, or were doing business with Wright Field, and interfering with the natural processes.

Mr. HALLEY. How did that result in this meeting? Would you just go ahead and tell the story.

Mr. MORAN. Well, I arranged the meeting through Michael Kennedy, who was then the county leader of New York County.

Mr. HALLEY. How did this rumor come to you?

Mr. MORAN. It came in the form of a letter addressed to the district attorney's office.

Mr. HALLEY. Was it a signed letter?

Mr. MORAN. No.

Mr. HALLEY. How did that happen to reach you?

Mr. MORAN. I don't know. The letter was addressed to the district—was addressed to William O'Dwyer, at the district attorney's office.

Mr. HALLEY. At that time you were receiving all of his mail?

Mr. MORAN. Yes.

Mr. HALLEY. Incidentally, during that period, did you handle Mr. O'Dwyer's personal finances, in his absence?

Mr. MORAN. I did.

Mr. HALLEY. Paid his bills; is that right?

Mr. MORAN. In some cases I did; not in all cases.

Mr. HALLEY. And handled his checking account for him; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. You were very close friends?

Mr. MORAN. That's right.

Mr. HALLEY. Now, this anonymous letter came to the district attorney's office, and because it was addressed to Mr. O'Dwyer, it fell into your hands; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. What did you do with it?

Mr. MORAN. I turned it over to Mr. O'Dwyer.

Mr. HALLEY. Do you remember what the letter said?

Mr. MORAN. I have no idea right now what the letter said, except that my recollection is that it was with reference to one Joe Baker, and somebody else, as I told you at the closed hearings.

Mr. HALLEY. It said Joe Baker and Costello were having some dealings with the Air Force; is that right?

Mr. MORAN. No. He did not say that Costello had dealings with the Air Force.

Mr. HALLEY. Just Joe Baker?

Mr. MORAN. That this Joe Baker and someone else, whose name I don't remember, and that they were using the name of Costello as a threat around.

Mr. HALLEY. And——

Mr. MORAN. And it made mention of this captain out at Wright Field; I don't remember the name now.

Mr. HALLEY. And when you showed it to Mayor O'Dwyer—he was then a major, I believe—what did he ask you to do?

Mr. MORAN. Well, it was shortly after that that he asked me if I could arrange that he get ahold of Costello when he came into New York.

Mr. HALLEY. Did he also ask you to get hold of Joe Baker?

Mr. MORAN. He did not.

Mr. HALLEY. Or any of the other people mentioned in the letter?

Mr. MORAN. He did not.

Mr. HALLEY. Just Costello?

Mr. MORAN. That's right.

Mr. HALLEY. How did you go about getting in touch with Costello?

Mr. MORAN. I got ahold of Michael Kennedy and made the arrangement.

Mr. HALLEY. Do you mean by Michael Kennedy, the man who was then leader of Tammany Hall?

Mr. MORAN. That's right.

Mr. HALLEY. And why would you reach Costello through Mike Kennedy?

Mr. MORAN. Well, I don't know offhand, except that at that time the newspapers were filled with stories that Costello and Kennedy were bosom companions, that they meet at the Waldorf, and they meet here, there, and every place; and it was only natural that I would seek the person that I thought could arrange the appointment.

Mr. HALLEY. You were then chief clerk of the district attorney's office of Kings County?

Mr. MORAN. I was.

Mr. HALLEY. And the New York City Police Department was available to you?

Mr. MORAN. What do you mean by "the New York City Police Department was available"?

Mr. HALLEY. Well, the facilities of the New York City Police Department would be, in general, available to you, would they not?

Mr. MORAN. That's right.

Mr. HALLEY. Did you ask the police department if they could get hold of Costello for you?

Mr. MORAN. Well, I didn't think there was any reason for the police department getting hold of him in a case like that. It wasn't a case of arrest—

Mr. HALLEY. Well, something to give you his address, phone number?

Mr. MORAN. No; I never gave it a thought.

Mr. HALLEY. You made no effort to locate Costello, except through the leader of Tammany Hall?

Mr. MORAN. That's right.

Mr. HALLEY. Had you previously known Costello?

Mr. MORAN. I had not.

Mr. HALLEY. Costello has testified in executive session that he previously did know you. If he so testified, would he be wrong?

Mr. MORAN. Well, he would be wrong in the sense of knowing me. He may have seen me some place. As I told you the last time, in 1933 or 1934, when I worked up at Paramount, I ate in any number of

restaurants on Broadway and through there at night. So he could have seen me and know me in the sense that he had seen me; but as far as Costello knowing me before then, he did not.

Mr. HALLEY. I don't understand. He testified that he was acquainted with you and had that acquaintance for some time before this meeting. Were you acquainted with him, let's put it that way?

Mr. MORAN. I was not.

Mr. HALLEY. Had you ever been introduced to him prior to this meeting?

Mr. MORAN. Not that I know of.

Mr. HALLEY. Had you ever spoken to him prior to the meeting at which you and Major O'Dwyer went to Costello's home?

Mr. MORAN. I have no recollection of any meeting or conversation with him.

Mr. HALLEY. Now, how long after you arranged the appointment through Kennedy did you actually go to Costello's home?

Mr. MORAN. Oh, it might have been a week; it might have been 2 weeks.

Mr. HALLEY. And then you went with Major O'Dwyer?

Mr. MORAN. That's right.

Mr. HALLEY. Where did you go? Where was his home?

Mr. MORAN. On Central Park West, I believe Seventy-second Street. It was the old—it was an old hotel. I don't remember the name of it now.

Mr. HALLEY. The Majestic?

Mr. MORAN. That may be the name, yes.

Mr. HALLEY. Did only you and the mayor go, or did someone else go, too?

Mr. MORAN. The mayor, myself, and the man who was driving went.

Mr. HALLEY. When you arrived there, did you find anyone else there?

Mr. MORAN. Kennedy was there; and as I told you at the closed hearing, I believe there were some other people there, but who they were I don't know.

Mr. HALLEY. How long have you known Bert Stand?

Mr. MORAN. I wouldn't be sure; I think in 1941 I met him. It may have been 1942.

Mr. HALLEY. Before the meeting at the Costello home?

Mr. MORAN. That's right.

Mr. HALLEY. Was Stand at the meeting?

Mr. MORAN. No, I didn't see Stand there.

Mr. HALLEY. If he says he was there, is it possible that you could be mistaken?

Mr. MORAN. Oh, it's very possible I could be mistaken, but I did not see Stand there.

Mr. HALLEY. If he testified that he met Kennedy and Kennedy said, "Come on, we have got to go up to Costello's apartment", or words to that effect, would you in any way contest that that might have happened—that he was there with Kennedy?

Mr. MORAN. I wouldn't contest that he went there with Kennedy.

Mr. HALLEY. How long have you known Irving Sherman?

Mr. MORAN. Irving Sherman—the nearest I can recollect is that I saw him somewhere around the 1930's, around the same time that I was working up at Paramount. I did see him again afterward in, I don't know now—was it 1942?

Mr. HALLEY. He also was a good friend of O'Dwyer's, was he not?

Mr. MORAN. He was. Now wait a minute, I don't know whether he was a good friend or not. That I will have to retract.

Mr. HALLEY. Well, would you say you saw him with O'Dwyer often?

Mr. MORAN. I did.

Mr. HALLEY. And was he also at the meeting in Costello's apartment?

Mr. MORAN. I did not see him there.

Mr. HALLEY. Are you sure he wasn't there?

Mr. MORAN. I did not see him there, Mr. Halley.

Mr. HALLEY. Are you sure he wasn't there?

Mr. MORAN. I couldn't be sure if I didn't see him.

Mr. HALLEY. You are sure you didn't see him?

Mr. MORAN. I am positive I didn't see him.

Mr. HALLEY. You are not positive, though, that you did not see Stand?

Mr. MORAN. That's right.

Mr. HALLEY. And was Judge Savarese there?

Mr. MORAN. I never, to my knowledge, have seen Judge Savarese.

Mr. HALLEY. Are you also positive that you did not see Judge Savarese at Frank Costello's apartment?

Mr. MORAN. I didn't see Judge Savarese—

Mr. HALLEY. When you went there with Major O'Dwyer?

Mr. MORAN. I didn't see Judge Savarese there.

Mr. HALLEY. If other people have testified that Judge Savarese was there, would you tend to doubt your recollection, or do you want to stand firm on it?

Mr. MORAN. I will stand on my own recollection, not what anyone else said.

Mr. HALLEY. You didn't see Judge Savarese?

Mr. MORAN. I am testifying for myself, not anyone else.

Mr. HALLEY. In any event, you are sure you didn't see Judge Savarese?

Mr. MORAN. Yes.

Mr. HALLEY. But Kennedy was there?

Mr. MORAN. Yes.

Mr. HALLEY. And Stand may have been there?

Mr. MORAN. Stand I would not be sure of.

Mr. HALLEY. Now, how long were you and Mayor O'Dwyer there?

Mr. MORAN. Well, if I am—if I set any period of time, it would be purely guesswork. My thought is that it might possibly be an hour.

Mr. HALLEY. And during how much of that time was there discussion about this Baker matter?

Mr. MORAN. Oh, probably a half hour.

Mr. HALLEY. Did you participate in that discussion?

Mr. MORAN. I didn't.

Mr. HALLEY. What happened?

Mr. MORAN. Major—or Colonel O'Dwyer, whichever he was at that time—was off to another side of the room there, talking with Costello, and from time to time Kennedy would pop in and out.

Mr. HALLEY. What were you doing during that half hour?

Mr. MORAN. Sitting in a chair.

Mr. HALLEY. All by yourself?

Mr. MORAN. Yes.

Mr. HALLEY. You were not talking to Kennedy or anyone else?

Mr. MORAN. No.

Mr. HALLEY. After the mayor and Costello finished their private conversation, was there a general discussion?

Mr. MORAN. No general discussion at all. There might have been a discussion between Kennedy and Major O'Dwyer, but that was the limit of any discussion.

Mr. HALLEY. You were out of the discussion; is that the point?

Mr. MORAN. That's right.

Mr. HALLEY. But the mayor might have been talking to Kennedy; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And to Costello as well?

Mr. MORAN. That's right.

Mr. HALLEY. And——

Mr. MORAN. He was talking to Costello?

Mr. HALLEY. Were any refreshments served?

Mr. MORAN. None.

Mr. HALLEY. None whatsoever?

Mr. MORAN. None.

Mr. HALLEY. And do you know whether any other subject matters came up besides that of Joe Baker and the Army Air Corps?

Mr. MORAN. That's the only thing I knew of, because I heard none of the conversation.

Mr. HALLEY. In other words, you heard none of the conversation at all?

Mr. MORAN. That's right.

Mr. HALLEY. Did you leave with the mayor?

Mr. MORAN. I did.

Mr. HALLEY. And where did you go?

Mr. MORAN. Well, I wouldn't be sure of that. My recollection would be that we went back to Major O'Dwyer's house.

Mr. HALLEY. Do you remember whether or not you and Major O'Dwyer were invited to go to the Copacabana with others?

Mr. MORAN. No. If we were invited to go to the Copacabana, I didn't hear it, and I heard nothing of any invitation to go to the Copacabana.

Mr. HALLEY. Was there any discussion of the group going to dinner?

Mr. MORAN. No. I think it was too early for dinner, anyhow. I think it was about 3 or 4 o'clock in the afternoon.

Mr. HALLEY. I think it was placed around 5 or 6 o'clock.

Mr. MORAN. It was in daylight, whenever the time was, and it seemed to me it was early in the afternoon.

Mr. HALLEY. That is your present recollection?

Mr. MORAN. That's right.

Mr. HALLEY. It could be wrong, though?

Mr. MORAN. It could be; yes.

Mr. HALLEY. I think you stated in your closed testimony that you and the major left and went right to dinner.

Mr. MORAN. I don't think so, Mr. Halley.

Mr. HALLEY. Let me see if I can find that. You said you went to a restaurant, I think on Forty-eighth Street, didn't you?

Mr. MORAN. No, sir.

Mr. HALLEY. Vesuvio?

Mr. MORAN. No, sir. You asked me if I ever met Costello in a restaurant, and I told you in an Italian place on Forty-eighth Street, and you were the one that mentioned the name Vesuvio, because I didn't even know the name of it.

Mr. HALLEY. Let us try to get this straight. Here we are. The question was, "You left and went where?" And the answer was, "Well, I would not be sure of whether I went out to his home with him on Seventy-ninth Street or whether we went some place to eat, or what."

Mr. MORAN. Well, that is the same answer I gave you now.

Mr. HALLEY. Well, you said it was 3 or 4 in the afternoon. You couldn't be going any place to eat.

Mr. MORAN. But I did say, in answer to your question at the closed hearing, I would not be sure whether I did. I haven't changed my answer to that question, Mr. Halley.

Mr. HALLEY. But it might have been around dinnertime?

Mr. MORAN. It could have been.

Mr. HALLEY. Now, after the meeting, did Major O'Dwyer tell you whether he had gotten any valuable information from Costello?

Mr. MORAN. I have no recollection of that at all.

Mr. HALLEY. Did he ask you to make an appointment with Joe Baker?

Mr. MORAN. He did not.

Mr. HALLEY. Did you ever hear any more of the matter?

Mr. MORAN. I did not.

Mr. HALLEY. After that meeting did you from time to time see Frank Costello?

Mr. MORAN. I did.

Mr. HALLEY. Under what circumstances and where?

Mr. MORAN. I would meet him in restaurants, as I told you at the closed hearing. I also met him at the race track; I met him at the restaurants, Vesuvio, any number of places.

Mr. HALLEY. Did you ever go to his home?

Mr. MORAN. I believe I went to his home on one other occasion.

Mr. HALLEY. When was that?

Mr. MORAN. I have no idea just when that was.

Mr. HALLEY. Was it only once?

Mr. MORAN. That's right.

Mr. HALLEY. Have you ever had any private meetings with him?

Mr. MORAN. I have not.

Mr. HALLEY. None whatsoever?

Mr. MORAN. No.

Mr. HALLEY. Your testimony at the closed meeting was as follows:

Question. Have you seen Costello since then?

MORAN. Oh, yes. I have seen him any number of times. I have seen him in restaurants, I have seen him at the race track.

Is that right?

Mr. MORAN. That's right.

Mr. HALLEY. Then you were asked, "Have you seen him in any private gathering or meeting?" And your answer was, "No." Is that right?

Mr. MORAN. That's right.

Mr. HALLEY. The next question was, "Have you had a meal with him since then?" The answer was "No," and then the next question was "Or talked to him?" And you said you had talked to him; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. About what had you talked to him?

Mr. MORAN. About most anything, Mr. Halley. I couldn't remember what I had spoken to him about.

Mr. HALLEY. You think you once went to his apartment after that?

Mr. MORAN. I think so.

Mr. HALLEY. On what occasion?

Mr. MORAN. I don't remember when it was. There was nothing that stands out about it.

Mr. HALLEY. Now, Mr. Costello, of course, has made it clear that his mind hasn't been functioning very well in his testimony here, but at the closed session he said that—let me read his testimony to you and see if you agree or disagree with it.

Talking about Moran:

Has he ever been to your apartment?

The answer by Costello:

He has; yes.

Question. On what occasion?

Answer. Well, he just came up there. If he was going to a theater, if it was kind of early, he would come up and have a drink and pay a visit.

Question. You were quite friendly?

Answer. Friendly enough to have him come to my home. If I met him in a restaurant I would buy him a drink or he would buy me one.

Mr. MORAN. That's right.

Mr. HALLEY. Is that about right?

Mr. MORAN. That is about right.

Mr. HALLEY. Would you say you had on occasion dropped up to his home in the evening for a drink?

Mr. MORAN. I don't remember any other occasion but one, possibly one meeting. But I have had a drink with him in public places.

Mr. HALLEY. If he said you had been to his home a few times, perhaps five, would he be wrong?

Mr. MORAN. I think he would be wrong.

Mr. HALLEY. Of course, the question is:

At your home, would he come up to see you?

Answer. Yes.

Question. Would he phone first?

Answer. He would announce himself downstairs.

Have you ever done that, dropped in and announced yourself?

Mr. MORAN. I think I have.

Mr. HALLEY. Only once?

Mr. MORAN. That's right. As near as I can remember, it was only one other occasion, except the visit I made with Major O'Dwyer.

Mr. HALLEY. On that occasion, were you alone?

Mr. MORAN. Yes.

Mr. HALLEY. You had no previous appointment?

Mr. MORAN. That's right.

Mr. HALLEY. How did you happen to phone up and ask if he was there?

Mr. MORAN. I wouldn't be too sure of that. But I believe I was visiting Nat Herzfeld further up on Central Park West. And, in walking down, it would be in the early evening, I stopped.

Mr. HALLEY. About what year would that be?

Mr. MORAN. I wouldn't be sure.

Mr. HALLEY. Costello isn't a very accessible man. By that time had you become fairly friendly with him?

Mr. MORAN. Well, I don't know what you mean, Mr. Halley, by being fairly friendly. Fairly friendly, I would say I was fairly friendly with most everyone I ever met.

Mr. HALLEY. Sufficiently so, so that when you happened to be walking by their apartment you would phone up and drop in for a drink?

Mr. MORAN. No; not as a visitor. But on this occasion I think I was walking down from Herzfeld's, and I couldn't even be sure whether there was anybody with me at the time.

Mr. HALLEY. Well, Herzfeld also knew Costello; is that right?

Mr. MORAN. I believe he did.

Mr. HALLEY. Have you ever been in a party with the two of them, or in a group with the two of them?

Mr. MORAN. The only time I would have been in a group with the two of them would have been in a place like the Vesuvio, or maybe Toots Shor's. I don't know.

But to just sit down with the two of them, or have an appointment with the two of them for dinner, no such thing ever happened.

Mr. HALLEY. When you dropped in at Costello's on this particular occasion after seeing Herzfeld, did you have a purpose in mind?

Mr. MORAN. No.

Mr. HALLEY. You were just killing time?

Mr. MORAN. That's right.

Mr. HALLEY. And he just happened to be home; is that it?

Mr. MORAN. That's right.

Mr. HALLEY. If he thinks you dropped in on other occasions, would you say he is wrong?

Mr. MORAN. Well, I wouldn't want to say that anyone was wrong in the sense of making them out a liar. I wouldn't care who it was.

But my recollection is that I only went there the one time.

Mr. HALLEY. And you weren't carrying a message or running an errand for anyone on that one time?

Mr. MORAN. I was not.

Mr. HALLEY. Now, aside from being at his home, how often would you say you saw him outside of his home, running into him?

Mr. MORAN. Oh, maybe a dozen times in the 7 years that I have known him.

Mr. HALLEY. He wasn't a hard man to run into if you knew where to go, was he?

Mr. MORAN. That's right.

Mr. HALLEY. Did you on occasion want to run into him for any reason?

Mr. MORAN. No. I never had any reason for wanting to run into him. I went in to see the show South Pacific one night, on a Saturday night, and my tickets were wrong. I didn't realize it; they were

for the following Saturday night. And when I walked out of the theater, I bumped into Mr. Costello and his wife.

Now, that certainly was not an arranged meeting. But that's the way it happened, and it is the way a lot of the meetings happened, in different places.

Mr. HALLEY. Just bumped into him?

Mr. MORAN. After all, he was not barred from any public place, and was in public places.

Mr. HALLEY. Well, if that were to apply to 12 meetings, I might agree with you. But Costello's version is that you would see him, and I quote, "Every month or so, or every couple of weeks"; and he said, "Just by accident, I would run into him."

Mr. MORAN. I walked past him on the street, and maybe say "Hello." Perhaps at Toots Shor's, I walked past him and say "Hello" if he had company with him.

Mr. HALLEY. There were certain places where, if you happened to walk past, you would pretty well know you would meet Mr. Costello, wouldn't you?

Mr. MORAN. But never with malice aforethought, Mr. Halley.

Mr. HALLEY. Oh, no, Mr. Moran.

Mr. MORAN. And I still mean, no.

Mr. HALLEY. Did you ever have any business with Mr. Costello?

Mr. MORAN. I did not.

Mr. HALLEY. Did you ever discuss politics with Mr. Costello?

Mr. MORAN. I may have discussed politics in the sense of discussing what was going on.

Mr. HALLEY. Did you ever discuss with Mr. Costello the question of the nomination for the mayoralty campaign of 1945?

Mr. MORAN. I did not.

Mr. HALLEY. Did you ever discuss with him the question of whether Bill O'Dwyer would be nominated for mayor?

Mr. MORAN. I did not.

Mr. HALLEY. Did you ever hear anybody talking about that with Mr. Costello?

Mr. MORAN. I did not.

Mr. HALLEY. Did that question come up when you and Bill O'Dwyer went to Costello's home in 1942 or 1943?

Mr. MORAN. It did not.

Mr. HALLEY. On this one occasion?

Mr. MORAN. It did not.

Mr. HALLEY. That question was never raised?

Mr. MORAN. That's right.

Mr. HALLEY. Not even by Mike Kennedy?

Mr. MORAN. As I told you, Mr. Halley, I know nothing of the conversation that went on between Kennedy and Major O'Dwyer, nor between Costello and the major.

Mr. HALLEY. You sat off to a side?

Mr. MORAN. That's right.

Mr. HALLEY. Did you know Joe Adonis?

Mr. MORAN. I do.

Mr. HALLEY. How long have you known Joe Adonis?

Mr. MORAN. Possibly 40 years.

Mr. HALLEY. Is he a good friend of yours?

Mr. MORAN. No; not a good friend. I know him.

Mr. HALLEY. Was he ever a good friend of yours?

Mr. MORAN. There has never been anybody that really are good friends of mine without I classify them as such, and I possibly could name three or four people.

Mr. HALLEY. But Joe Adonis was not—

Mr. MORAN. One of them is William O'Dwyer.

Mr. HALLEY. He has been a good friend to you, there is no doubt about that.

Mr. MORAN. And a very good friend to me.

Mr. HALLEY. Now, you have seen Joe Adonis on and off all these years?

Mr. MORAN. I have.

Mr. HALLEY. You have eaten with him, too, at Vesuvio; have you not?

Mr. MORAN. I think I did on one occasion eat with him at Vesuvio; but, if I did, there were at least 15 or 20 people eating there with him at the same time.

Mr. HALLEY. Did you ever eat at Adonis' Restaurant at Fourth and Carroll Streets?

Mr. MORAN. My recollection is that I was at Adonis' Restaurant at Fourth Street and Carroll Street on one occasion, somewhere around the year 1930. But, if forced to it, I wouldn't even be sure whether it was his restaurant or one right next door to him.

Mr. HALLEY. Of course, your own political rise did not begin until some years later; is that right?

Mr. MORAN. It began in 1938, and I wouldn't consider that my political rise because I was still in the court then. The first job I got that could be considered politics was chief clerk in the district attorney's office on the 1st of January 1940.

Mr. HALLEY. After 1940, did you continue to see Joe Adonis from time to time?

Mr. MORAN. I did not. I saw Joe Adonis the next time, oh, it would possibly be around 1946. I didn't see Joe Adonis very often.

Mr. HALLEY. How often did you see Irving Sherman during the years prior to 1942?

Mr. MORAN. Prior to 1942, I saw very little of Irving Sherman. I had seen him on the one occasion. When I met him again in 1942, I didn't know who he was.

Mr. HALLEY. When did you begin seeing more of Irving Sherman?

Mr. MORAN. It would be in the late 1942, possible the early 1943; I don't know which.

Mr. HALLEY. Was that about when you met Herzfeld?

Mr. MORAN. I think it is.

Mr. HALLEY. That about the time you began bumping into Costello every so often?

Mr. MORAN. Well, it would be in the same period.

Mr. HALLEY. And you saw much more of Sherman; did you not?

Mr. MORAN. That's right.

Mr. HALLEY. And generally Bill O'Dwyer would see Sherman with you; is that right?

Mr. MORAN. No; I would see Sherman myself, when I would see him, as a rule.

Mr. HALLEY. And you would see him very often; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And he was also a very good friend of Bill O'Dwyer, wasn't he?

Mr. MORAN. Well, I don't know the basis of what their friendship was at all, but I know that they did meet, and I know he did talk to Colonel O'Dwyer, Major O'Dwyer, whatever he was at the time.

Mr. HALLEY. Did you know Charles Lipsky?

Mr. MORAN. I met Charles Lipsky.

Mr. HALLEY. Have you ever talked to him at any length?

Mr. MORAN. I have.

Mr. HALLEY. Privately?

Mr. MORAN. Yes.

Mr. HALLEY. Did he ever tell you he thought that Irving Sherman rendered great services for William O'Dwyer in his campaign for mayor?

Mr. MORAN. As far as Charles Lipsky is concerned, I wouldn't believe anything he said.

Mr. HALLEY. You don't think he is credible; is that right?

Mr. MORAN. I think he is senile.

Mr. HALLEY. You think he is senile?

Mr. MORAN. Yes; and I think he was doing a little pipe dreaming when he was in here.

Mr. HALLEY. But he was a good friend of Bill O'Dwyer's, wasn't he?

Mr. MORAN. Well, I don't know how much you would classify it as a good friend. He did meet him and talk to him. It was the same as a king might have a court jester around.

Mr. HALLEY. Well, the king went to the court jester's home every night during the 1945 campaign, didn't he?

Mr. MORAN. Well, if the king had a very sick wife, and they were living a block away at Belle Harbor—

Mr. HALLEY. Five blocks.

Mr. MORAN. You see, I didn't even know the location. Well, naturally, he would look up the jester, and anybody that would amuse him, and I think, as far as Lipsky is concerned, lots of times he has amused me with his goings-on.

Mr. HALLEY. Well, there is no doubt that Irving Sherman saw a great deal of William O'Dwyer during the campaign; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. Tell me, did you ever go to the Garment Center Fashion Club, at 1480 Broadway?

Mr. MORAN. No; as I told you in the closed session—

Mr. HALLEY. Were you ever in any bar or restaurant run by Sherman?

Mr. MORAN. As I told you at the closed hearing, I was, on one occasion, in the Arizona Bar & Grill, on Broadway, between Forty-sixth and Forty-seventh, I believe it was, under the present Latin Quarter—or whatever that club was that was there.

Mr. HALLEY. And Sherman had an interest in that, didn't he?

Mr. MORAN. I believe he did, but I wouldn't be sure of that.

Mr. HALLEY. Well, that was your understanding, though, wasn't it?

Mr. MORAN. That's right.

Mr. HALLEY. That was a sort of a wild place, wasn't it?

Mr. MORAN. Yes; it was during the wartime. It was really a sailor's hangout.

Mr. HALLEY. And Costello used to hang out there on occasion, did he not?

Mr. MORAN. I never saw Costello there.

Mr. HALLEY. Would you go there to see Sherman?

Mr. MORAN. I would pop in just to see what was going on in the place, the same way that you would go up to see Sammy's Bowery Follies, or anything else like that.

Mr. HALLEY. When did you last see Sherman?

Mr. MORAN. Oh, possibly in the early summer or the late spring of last year.

Mr. HALLEY. While you were fire commissioner, did you see him frequently?

Mr. MORAN. Yes.

Mr. HALLEY. What was your business with Sherman while you were fire commissioner?

Mr. MORAN. He dropped down, paid me a visit.

Mr. HALLEY. Purely social?

Mr. MORAN. That's right.

Mr. HALLEY. Did you ever have any financial dealings with Sherman.

Mr. MORAN. I did not.

Mr. HALLEY. Do you know whether or not Sherman made any campaign collections or solicitations for William O'Dwyer?

Mr. MORAN. He could have.

Mr. HALLEY. To that extent Lipsky might not have been senile?

Mr. MORAN. I beg your pardon?

Mr. HALLEY. To that extent, at least, Lipsky might have been telling us something we could believe?

Mr. MORAN. Well, now, I am not here to testify about Lipsky. You asked me what I thought about Lipsky and I gave you my description about him, and there I will stop.

Mr. HALLEY. I asked you about what Lipsky said and your answer was that he was senile.

Mr. MORAN. I'm not going to go into it any further with you now.

Mr. HALLEY. Now you are saying something that sounds about the same as what Lipsky said.

Mr. MORAN. That is why I will not vouch for something that was in Lipsky's mind. It is merely possible Sherman could have collected campaign contributions? That I don't know.

Mr. HALLEY. Well, now, you say it is possible. Do you have any knowledge of any occasion when you had the ability to observe whether or not Sherman was collecting campaign contributions for William O'Dwyer's campaign?

Mr. MORAN. In the 1945 campaign of William O'Dwyer I was at the Commodore Hotel once. In the 1949 campaign I was not at the Commodore Hotel at all. I never went to the campaign headquarters.

Mr. HALLEY. Well, you haven't answered the question. Would you read it again?

(The pending question was read as follows:

("Mr. HALLEY. Well, now, you say it is possible. Do you have any knowledge of any occasion when you had the ability to observe whether or not Sherman was collecting campaign contributions for William O'Dwyer's campaign?")

Mr. MORAN. No.

Mr. HALLEY. Did Sherman ever tell you he was collecting for any campaign of William O'Dwyer's?

Mr. MORAN. He could have; yes.

Mr. HALLEY. Did he?

Mr. MORAN. Well, now, I wouldn't be positive, Mr. Halley, but he could have told me that he was collecting campaign contributions.

Mr. HALLEY. Is it your best recollection that Sherman told you that he had collected campaign contributions for Bill O'Dwyer?

Mr. MORAN. He could have and he could not have, at the same time. I wouldn't be sure.

Mr. HALLEY. That is no answer at all. Give the committee in language that has some meaning your best recollection.

Mr. MORAN. I will give the committee the answer that I am not certain.

Mr. HALLEY. You just don't remember clearly?

Mr. MORAN. That's right.

Mr. HALLEY. Did Sherman ever come to your office at the fire department?

Mr. MORAN. He did.

Mr. HALLEY. Did he ever telephone you there?

Mr. MORAN. Sure.

Mr. HALLEY. Who was Dr. Cook? Do you know a Dr. Cook?

Mr. MORAN. A Dr. Cook?

Mr. HALLEY. Yes.

Mr. MORAN. I do not.

Mr. HALLEY. Did a Dr. Cook ever telephone you at the fire department?

Mr. MORAN. He did not.

Mr. HALLEY. Do you know whether or not, when Sherman phoned you at the fire department, he used the name Dr. Cook?

Mr. MORAN. He did not.

Mr. HALLEY. Do you know Louis Weber?

Mr. MORAN. I do.

Mr. HALLEY. Do you know his background?

Mr. MORAN. Well, what do you mean by his background?

Mr. HALLEY. Do you know that he had been convicted for operating a policy racket?

Mr. MORAN. That's right, I do.

Mr. HALLEY. How long have you known Louis Weber?

Mr. MORAN. Oh, 20 or 30 years.

Mr. HALLEY. Was he also a frequent visitor at your office when you were deputy fire commissioner?

Mr. MORAN. It is possible that Weber came in my office three times during that.

Mr. HALLEY. Is it possible that he came in more often?

Mr. MORAN. Not much more often.

Mr. HALLEY. He would come in and see you personally; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And you have known him for how long?

Mr. MORAN. Somewhere between 20 and 30 years.

Mr. HALLEY. What has been the basis of your acquaintance with Weber?

Mr. MORAN. Weber has been around politics and with political people over all that period of time.

Mr. HALLEY. Well, have you been a political person?

Mr. MORAN. I have not.

Mr. HALLEY. You weren't even at the O'Dwyer campaign headquarters; were you?

Mr. MORAN. I was not.

Mr. HALLEY. Well, what was the basis of your relationship with Weber?

Mr. MORAN. Well, like my relationship with anybody around. When I was a kid growing up, I knew everybody that there was around. After all, as I told you at the closed hearing, I was born, went to school, married, and still live in the same area of 2 miles. In that space I certainly should know people, Mr. Halley.

Mr. HALLEY. Well, Weber was born in Puerto Rico, I believe.

Mr. MORAN. That's right.

Mr. HALLEY. And when did you get to know him?

Mr. MORAN. I got to know Weber possibly around 1925, 1930.

Mr. HALLEY. And until about 3 years ago, I believe it is, when he was convicted, he was known as the Policy King of Brooklyn; was he not?

Mr. MORAN. He was known as a policy man; yes.

Mr. HALLEY. Well, he was the big policy man; wasn't he?

Mr. MORAN. I don't know how big anybody is, Mr. Halley, in a sense. Why, I have even grown 4 inches in stature and 60 pounds in weight since I first came here, according to what I get from the papers and from my "colossus" description of Senator Tobey, and things like that, I have expanded quite a bit. There might be the same interpretation of Weber's policy bank.

Mr. HALLEY. Well, you said you knew everybody in this little area of 2 miles pretty well.

Mr. MORAN. I knew everybody in an area even more than the 2 miles.

Mr. HALLEY. Didn't Weber have the reputation of being the big policy man in Brooklyn, not just a small fry?

Mr. MORAN. He had a reputation of being a policy man.

Mr. HALLEY. A big operator?

Mr. MORAN. No. Mr. Halley; a policy man is my answer, after your description.

Mr. HALLEY. Did you ever see the same description given by the district attorney's office when they convicted him?

Mr. MORAN. Mr. Halley, I refuse to give you any answers to statements made by the district attorney's office of Kings County.

Mr. HALLEY. In any event, Weber did have occasion to visit you in your office at least three or four times; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. At the fire department; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And it is possible that he might have come more often?

Mr. MORAN. That's right.

Mr. HALLEY. Is it possible he came very much more often?

Mr. MORAN. No, sir; it is not.

Mr. HALLEY. Is it possible he came at least three or four times a year?

Mr. MORAN. No. I would say he came maybe once a year, or maybe in one year it would be twice, and maybe there would be a year skipped in between.

Mr. HALLEY. What would he come——

Mr. MORAN. And if you want to know what I ever got from Louis Weber, he brought me a bottle of perfume in an Easter week about 2 or 3 years ago that he had picked up someplace.

Mr. HALLEY. Do you think he could be ashamed of knowing you? That may not be a fair question; I will withdraw it.

But what I wanted to find out——

Mr. MORAN. I am just as well satisfied you did, Mr. Halley.

Mr. HALLEY. Because he denied ever knowing you when he testified under oath, immediately after you did at the committee's closed session.

Mr. MORAN. Well, again, Mr. Halley, I must say that I am not here to testify for anybody but James J. Moran.

Mr. HALLEY. Well, I think it is a fair question to ask you if you can think of any reason why he should have denied knowing you.

Mr. MORAN. I can think of no reason why he should.

Mr. HALLEY. You remember you were both in a witness room together before you testified?

Mr. MORAN. I was.

Mr. HALLEY. Did you talk to him in the witness room?

Mr. MORAN. I did not.

Mr. HALLEY. Why did you not talk to him in the witness room?

Mr. MORAN. I came into the witness room from 2803, where I sat for about 15 minutes before anybody told me where to go. And as I walked in the witness room, I believe it was Mr. Walsh came out the door, and he asked, "Is Moran here yet?" or he may have said "Commissioner Moran." I beg your pardon, Mr. Walsh; I don't know what he did say. But, anyhow, it was my name and I walked right in.

There was another witness just leaving your chambers, or hearing room, at the time.

Mr. HALLEY. But did you see Weber there, though?

Mr. MORAN. I did.

Mr. HALLEY. Did you greet him at all?

Mr. MORAN. I don't think so. I may have said "Hello," but I don't think so.

Mr. HALLEY. Did you ever attend a meeting at the Chatham Hotel in 1946, with Irving Sherman?

Mr. MORAN. I don't even know where the Chatham Hotel is.

Mr. HALLEY. It is a hotel on Forty-eighth Street, between Madison and Park Avenue, in the city of New York.

Mr. MORAN. I don't ever remember being in the Chatham Hotel.

Mr. HALLEY. Well, did you ever attend a meeting with Irving Sherman and Harry Brickman?

Mr. MORAN. I may have seen Irving Sherman and Harry Brickman together. But, as far as attending a meeting, I did not attend any meeting with them.

Mr. HALLEY. Were you ever together with Irving Sherman and Harry Brickman in the past 4 or 5 years?

Mr. MORAN. I don't know.

Mr. HALLEY. Did you ever attend a meeting with Irving Sherman and Joe Adonis?

Mr. MORAN. I did not.

Mr. HALLEY. Were you ever in the same room with Irving Sherman, Joe Adonis, Harry Brickman, and Carmine DeSapio?

Mr. MORAN. No; I don't think so.

Mr. HALLEY. Do you remember, after William O'Dwyer was elected mayor in 1945, that he attempted to change, or get a change in the leadership of Tammany Hall?

Mr. MORAN. I do.

Mr. HALLEY. Do you know whether or not he asked Charles Lipsky to go to see Clarence Neal and serve in effect an ultimatum on him?

Mr. MORAN. No; I don't.

Mr. HALLEY. You know nothing of that one way or the other?

Mr. MORAN. I do not.

Mr. HALLEY. Is it not a fact, though, that during the early part of 1946, Mayor O'Dwyer asked you to see certain leaders and try to get them to change the leadership—I mean, district leaders—and try to get them to change the borough leadership of Tammany Hall?

Mr. MORAN. He did not.

Mr. HALLEY. Did you do it on your own?

Mr. MORAN. I did not.

Mr. HALLEY. Did you ever talk with any district leader of the Democratic Party about a change in the leadership of Tammany Hall during the year 1946?

Mr. MORAN. In what sense, a change of the leadership?

Mr. HALLEY. In an effort to obtain a change of leadership.

Mr. MORAN. I may have discussed that a change of leadership would be well for Tammany Hall. But I never discussed it in a sense of discussing whether there should be a change, or recommending any change, or anything of that kind.

Mr. HALLEY. Well, with whom did you discuss whether it would be well for Tammany Hall?

Mr. MORAN. Well, I may have discussed it at that time with De Sapio. I wouldn't want to be sure of that. I may also have discussed it with Brickman. But never——

Mr. HALLEY. Together or separately?

Mr. MORAN. Well, it is barely possible it was together.

Mr. HALLEY. Where is it barely possible that the meeting between these two might have happened?

Mr. MORAN. In my office.

Mr. HALLEY. In your office?

Mr. MORAN. That's right.

Mr. HALLEY. Did they both come to your office?

Mr. MORAN. That's right.

Mr. HALLEY. Well, was Irving Sherman there?

Mr. MORAN. He was not.

Mr. HALLEY. Is it not even possible that he might have been?

Mr. MORAN. Well, it's possible. Anything is possible. My recollection is that he was not there.

Mr. HALLEY. Well, were you trying to get Sampson named as leader at that time?

Mr. MORAN. O'Dwyer was trying to get Sampson named as leader at that time.

Mr. HALLEY. Were you helping O'Dwyer?

Mr. MORAN. I may have suggested it at that time.

Mr. HALLEY. Did you suggest that to DeSapio and to Brickman?

Mr. MORAN. I might have.

Mr. HALLEY. And did you ever discuss it with Irving Sherman?

Mr. MORAN. I don't think so.

Mr. HALLEY. Did you ever discuss it with Joe Adonis?

Mr. MORAN. I did not.

Mr. HALLEY. Now, in addition to DeSapio and Brickman, what other district leaders did you ever urge to support Sampson?

Mr. MORAN. Well, I would not be sure of any other leaders I urged to support him. I may have spoken to a number of them about it.

Mr. HALLEY. Did you ever talk to Clarence Neal about it?

Mr. MORAN. I may have discussed it with Clarence Neal on the basis of its being General O'Dwyer's desire that Sampson be the leader of Tammany Hall.

Mr. HALLEY. Neal was a good friend of yours; is that right?

Mr. MORAN. No. Neal was not a good friend of mine, but he was somebody I could talk to.

Mr. HALLEY. Well, you have seen Neal more often than some of the others; isn't that so?

Mr. MORAN. Yes; I have seen Neal quite often.

Mr. HALLEY. Once a week?

Mr. MORAN. Mr. Halley, you could never go to a dinner in New York without running into someone.

Mr. HALLEY. I know. But Neal was someone you would see and talk to privately; wasn't he?

Mr. MORAN. Neal was not somebody I would see and talk to privately once or twice a week, as you said.

Mr. HALLEY. How often would you see Neal privately?

Mr. MORAN. I would see Neal maybe in my own office once in 4 months, once in 5 months. Clarence Neal was never a friend of mine to the extent that I would be with him.

Mr. HALLEY. How about Stand—Bert Stand? Was he a friend of yours?

Mr. MORAN. Bert Stand, I saw very few time. And, as a matter of fact, when I walked into the witness room today, I didn't know him.

Mr. HALLEY. Did you ask Bert Stand to support Sampson?

Mr. MORAN. I did not.

Mr. HALLEY. You might have asked Neal, though?

Mr. MORAN. I might have asked Neal.

Mr. HALLEY. And you might have asked Brickman and DeSapio? You think you did; do you not?

Mr. MORAN. I might have, yes.

Mr. HALLEY. And you think you may have asked a number of other leaders?

Mr. MORAN. That's right.

Mr. HALLEY. Can you think of any other leader you might have asked to support Sampson?

Mr. MORAN. I might have suggested it to Connelly, Bell, and a few of the others, if they were around or if I ran into them at dinners.

Mr. HALLEY. And that was because the mayor wanted Sampson to replace Loughrin; is that right?

Mr. MORAN. That's right.

Mr. HALLEY. And did the mayor ask you to talk to the various leaders?

Mr. MORAN. No, he did not, because, as a matter of fact, at that time, even in making the suggestion, I felt I was interfering because there was a period of time there about 2 years that I did not see the mayor.

Mr. HALLEY. Now, getting back to the district attorney's office, are you familiar with the presentments the grand jury of Kings County handed down during the year 1945?

Mr. MORAN. How could I help but be familiar with it, Mr. Halley?

Mr. HALLEY. And at that time you had left the district attorney's office; is that right?

Mr. MORAN. I had.

Mr. HALLEY. As the result of a dispute with Mr. Beldock?

Mr. MORAN. No; as the result of resigning.

Mr. HALLEY. Well, why did you resign?

Mr. MORAN. I walked in to Mr. Beldock and I told him I was resigning because I felt he should have his own people in the office.

Mr. HALLEY. The grand jury took the position that certain of the responsibilities for the failure in the prosecution of Anastasia and others was attributable to you.

Mr. MORAN. The presentment of the grand jury was later expunged from the record, Mr. Halley, by a judge of the county court, Judge Taylor.

Mr. HALLEY. Would that change the fact?

Mr. MORAN. When the record or the presentment is expunged, it is no longer part of the record of court of Kings County.

Mr. HALLEY. Well, the words are here before me, and I would like to ask you some questions about them.

Do you know whether it is a fact that a report was made by William O'Dwyer saying it would be a calamity to society were Anastasia to escape conviction, and urging the redoubling of efforts? Was such a report made in 1942?

Mr. MORAN. There was a report made at that time, but it was not made by William O'Dwyer. It was made by a Burton B. Turkus, who was then an assistant district attorney, if I remember rightly.

Mr. HALLEY. It was on behalf of the district attorney, wasn't it?

Mr. MORAN. That's right.

Mr. HALLEY. And is it or is it not a fact that within a month after that, the police "Wanted" card for the arrest of Anastasia was moved from the police department by Chief Clerk James G. Moran?

Mr. MORAN. You see, you are coupling those two things in a bad light, Mr. Halley.

Mr. HALLEY. I am just reading from the presentment of the grand jury.

Mr. MORAN. But if you read on in the letter you speak of, you will read that at the present time there is no case against Albert Anastasia.

Mr. HALLEY. But he was a fugitive, though?

Mr. MORAN. He was a fugitive, yes.

Mr. HALLEY. Well, would that be any reason for not getting him in and examining him and seeing if, by examining before a grand jury, you might develop some evidence?

Mr. MORAN. He was a fugitive at that time both from the office of District Attorney O'Dwyer and from the office of John Arlan Amen, who was then the special prosecutor in Kings County, having superseded William F. X. Geoghan, and when he turned himself in to Amen,

Amen called Thomas Craddock Hughes, then the acting district attorney of Kings County, and asked him if he wanted Anastasia. Thomas Craddock Hughes said he didn't want Albert Anastasia.

The removing of the card was purely a clerical move.

Mr. HALLEY. Well, that was not at the direction of Thomas Craddock Hughes. As a matter of fact, the "Wanted" card was removed on May 4, 1942, and Thomas Craddock Hughes didn't become an acting district attorney until June 1, 1942, a month later.

Mr. MORAN. There might have been some discrepancy in that. Thomas Craddock Hughes was the acting district attorney at the time.

Mr. HALLEY. Let us get this straight. Do you mean you did that on the direction of Thomas Craddock Hughes, that you removed the card on the direction of Thomas Craddock Hughes?

Mr. MORAN. Not at the direction of Thomas Craddock Hughes, but when he said he didn't want Anastasia in there, well, naturally, the card was removed.

Mr. HALLEY. Well, why would Mr. O'Dwyer have testified before that grand jury that he agreed in every respect with the presentment, that it was fully justified?

Mr. MORAN. Well, Mr. Halley, if Mr. O'Dwyer agreed with the presentment, I, at least, still have the privilege of disagreeing with anything that I think is wrong. I don't have to follow O'Dwyer or anybody else, insofar as their thinking is concerned.

Mr. HALLEY. Now, did you know that Mr. O'Dwyer testified in 1945 that he could have gotten an indictment against—well, let me read the precise testimony.

Question. Anastasia was not only one of the biggest of the big shots, but you found that he played a hand in every murder committed in Brooklyn, and you finally got him in the blank case—

there is a blank, and I am leaving it there.

Didn't you?

Answer. Yes.

Question. And you could have gotten an indictment against him; couldn't you?

Answer. Yes.

Question. And sent him to the chair?

Answer. Yes.

You disagree with that testimony?

Mr. MORAN. I do.

Mr. HALLEY. To what law school did you go, Mr. Moran?

Mr. MORAN. I didn't go to law school.

Mr. HALLEY. Are you a member of any bar?

Mr. MORAN. I am not.

Mr. HALLEY. And what is the basis on which you exercise a judgment in a technical matter?

Mr. MORAN. I don't exercise my judgment in a technical or legal manner, and with all due respect to you, Counselor, I am not trying to usurp the powers of attorneys. But we had an assistant district attorney there by the name of Turkus at that time who said we didn't have a case against Albert Anastasia, and in late—December 1941, I think it was, Louis Capone, who was under sentence of death, wrote a letter from the Raymond Street jail, asking me to come and see him

there, and I went to see Louis Capone to talk to him. The bargain would be that if he would give us Anastasia and some of the others, we would see if we could get Capone relieved of his death sentence.

Two or 3 days after he was taken from the Raymond Street jail to see the then district attorney, William O'Dwyer. That was how much anybody thought there was a perfect case on Albert Anastasia.

Mr. HALLEY. Well, there was a witness missing named Tommy Romer; wasn't there?

Mr. MORAN. There was no missing witness named Tommy Romer. There was a Tony Romeo.

Mr. HALLEY. That is the man. He was missing; wasn't he?

Mr. MORAN. I don't think he was a witness on that case. The witness on that case was a young boy who was partially blind, or had defective vision—

Mr. HALLEY. You are now talking about the one case, but, as I understood it, there were a number of possible cases against Anastasia, weren't there?

Mr. MORAN. I don't know. There was only one that I knew of.

Mr. HALLEY. Didn't the grand jury indicate that there were a number of cases that might have been had—

Mr. MORAN. There might have been a number of cases that he might have been questioned on, but I don't know whether or not they indicated there could have been any conviction on any of them.

Mr. HALLEY. Let's get this right. Did you order the removal of this "Wanted" card for Anastasia from the police department files on May 4, 1942?

Mr. MORAN. That I would not be sure of, Mr. Halley. I knew there was no reason to keep a "Wanted" card in there. I don't know when the "Wanted" card was removed, or under what circumstances it was removed.

Mr. HALLEY. Well, did you ever order the removal of the "Wanted" card of Albert Anastasia from the police files?

Mr. MORAN. I could have ordered it.

Mr. HALLEY. Did you?

Mr. MORAN. I don't know. I say it is barely possible I could have. It might have been in the clerical procedure at the time. It might have been on a request from the police sergeant, Divers, at the time, to clear up the "Wanted" cards, and so forth.

Mr. HALLEY. I think that is very unsatisfactory. This is a major case, a major criminal. It would seem to me that the removal of the wanted card at this particular point would be something you would remember having done or not having done.

Mr. MORAN. That I don't remember, Mr. Halley, whether I did or not. I don't know anything too much about its importance or relative importance, as you say, and I will then go back to your question—

Mr. HALLEY. Let's keep away from the importance or unimportance—let's not argue.

Mr. MORAN. I will then go back to your previous question as to whether or not I was ever a graduate of a law school or admitted to the bar. I was not.

Mr. HALLEY. All right. You don't have to be either of them to remember whether or not you ordered removal of the "Wanted" card from certain files.

Mr. MORAN. I don't know whether I did or not.

Mr. HALLEY. Didn't you admit you did to the grand jury that investigated the case?

Mr. MORAN. At that time I may possibly have said I did, or that I couldn't remember whether I did or not. After all, on a purely clerical matter there was no reason why I should assassinate anybody's character, particularly Divers, who I didn't know at all to speak of, but if Divers said that I ordered him to remove the card, I wasn't going to upset anything by saying, "Oh, I had nothing to do with it." But my recollection is—

Mr. HALLEY. You don't want to assassinate anybody now, do you?

Mr. MORAN. No, I do not.

Mr. HALLEY. Well, did you or did you not order the removal?

Mr. MORAN. I don't know. My best recollection, as I told you before, was that when Anastasia offered himself to Amen, and when Amen in turn offered him to Thomas Craddock Hughes, that that is when the wanted card was removed. Now, that is my best recollection of the wanted card business.

Mr. HALLEY. Well, it doesn't jibe with the findings of the grand jury. Now, why did you remove the wanted card—I will quote:

The police wanted card on a vitally important potential witness against Anastasia was likewise removed from the police department on the same day by the direction of James J. Moran.

Mr. MORAN. Whose wanted card?

Mr. HALLEY. When we started all this you said you were very familiar with this matter.

Mr. MORAN. I have no recollection of the wanted card at all.

Mr. HALLEY. That was Romeo, who was one of the three persons last seen with Pinter, Panno, the man who was killed.

Mr. MORAN. I believe Romeo was murdered somewhere down near the Delaware Park Racetrack.

Mr. HALLEY. Before or after you removed his wanted card?

Mr. MORAN. I don't know.

Mr. HALLEY. Well, short of our sitting here now and holding a major grand jury session and going over this thing for hours and hours with you in detail, can you give this committee no more satisfactory evidence of this matter?

Mr. MORAN. On the wanted card?

Mr. HALLEY. On the wanted card.

Mr. MORAN. I don't know too much about the wanted card. After all, that was a long time ago and to remember every independent item at that time, I cannot remember.

Mr. HALLEY. Well, maybe I can help. The presentment says:

This potential witness was taken into police custody at about that time, but was released because of the removal of the wanted card; and shortly thereafter was found murdered. Thus, his testimony against Anastasia was lost to the State.

Mr. MORAN. Romeo was taken in custody by the police department and released?

Mr. HALLEY. Before he was murdered, you see.

Mr. MORAN. I think now my recollection is that Romeo was brought into the district attorney's office of Kings County when he was picked up by the police.

Mr. HALLEY. And wasn't held?

Mr. MORAN. That's right.

Mr. HALLEY. You have held material witnesses in murder cases?

Mr. MORAN. Yes.

Mr. HALLEY. And the fact is that Anastasia joined the United States Army and could have been found?

Mr. MORAN. That's right.

Mr. HALLEY. So that if you had your witnesses——

Mr. MORAN. And the fact is that Albert Anastasia could still be found, and could still be——

Mr. HALLEY. He is in the witness room right now.

Mr. MORAN. And could still be tried for murder; the statute never runs on murder.

Mr. HALLEY. But where are your witnesses? They are all dead, aren't they?

Mr. MORAN. Mr. Halley, you don't expect me to go out and find witnesses for the case, do you?

Mr. HALLEY. Wait a minute, now. I will read you the whole paragraph, and see where the record stands:

The police wanted card on a vital, important potential witness against Anastasia was likewise removed from the police department on the same day by direction of James J. Moran. This potential witness was taken into police custody at about the same time, but was released because of the removal of the wanted card, and shortly thereafter was found murdered. Thus, his testimony against Anastasia was lost to the State.

Mr. MORAN. I believe, as you read there, you said that he was taken into custody by the police department at around the time the wanted card was removed; which again clarifies in my mind, or brings back to me, that Romeo was brought into the district attorney's office and was released from there because no one wanted him.

Mr. HALLEY. Nobody thought it was worth while hanging on to Romeo?

Mr. MORAN. That's right.

Mr. HALLEY. Why not?

Mr. MORAN. That you will have to take up with the legal members of the district attorney's staff, Mr. Halley.

Mr. HALLEY. Who told you to remove the wanted card? Who should I take it up with? Pass the buck to somebody, and I will get him in.

Mr. MORAN. Mr. Halley, I never passed the buck to anybody in my life.

Mr. HALLEY. Well, somebody must have told you to do it.

Mr. MORAN. I have seen a lot of passing the buck around here, as long as you bring it up. But I never have passed the buck to anybody in my life, and I don't intend to start now.

Mr. HALLEY. Who told you to remove the wanted card for Romeo?

Mr. MORAN. Again I will say, I do not know.

Mr. HALLEY. Now, with Romeo dead, and Reles having popped out of a window, there were no witnesses left; is that right?

Mr. MORAN. That I don't know.

Mr. HALLEY. I have no further questions at this time, Mr. Chairman.

The CHAIRMAN. I would like very much if we could get this Weber matter straightened out.

As I understood your testimony, Mr. Moran, when you were at the fire department, what was your position there, in Brooklyn?

Mr. MORAN. Not in Brooklyn, Senator. It was in New York.

The CHAIRMAN. In New York.

Mr. MORAN. I was first deputy fire commissioner.

The CHAIRMAN. Was that when Weber would come in once in a while, and you would see him?

Mr. MORAN. That's right.

The CHAIRMAN. And you said, I believe, how many time?

Mr. MORAN. Possibly three. There might have been have been one or two more than that. But my recollection is that there would be about three.

The CHAIRMAN. What year was that?

Mr. MORAN. The last time I saw Weber would be maybe a year and a half ago.

The CHAIRMAN. Mr. Walsh knows something about it.

Mr. WALSH. That was shortly before your retirement as fire commissioner; is that right?

Mr. MORAN. No. I think it would be about 6 or 8 months before that, Mr. Walsh.

Mr. WALSH. You named a number of times, or you fixed the number of times as four or five.

Mr. MORAN. Well, it could have been three, four, five, or six in the 4-year period.

The CHAIRMAN. When was that 4-year period over?

Mr. MORAN. From the 16th of February 1946, until the 6th of July 1950. That was my time.

Mr. WALSH. One other question, Commissioner:

Do you know Irving Sherman by any other name?

Mr. MORAN. I do.

Mr. WALSH. What name is that?

Mr. MORAN. Doc Cooper.

Mr. WALSH. And when he came to visit you at the fire department, did he come to visit you and identify himself by the name of Doc Cooper or Irving Sherman?

Mr. MORAN. Well, he did identify himself as Irving Sherman quite a few times.

But on one occasion he came in, and there was one other fireman there, and I asked him who he was, and he said he was Dr. Cooper, and he started to kid this old fireman about taking medicine for this, that, and the other thing. And from then on, in the eyes of this old gentleman, he became Dr. Cooper.

The CHAIRMAN. Mr. Halley asked you about Dr. Cook, I think. He meant Dr. Cooper, I think.

Mr. MORAN. I imagine he did mean Dr. Cooper, but he did ask me if I knew Dr. Cook.

Mr. HALLEY. I said "Cook."

Mr. WALSH. May we have the marshal bring in Mr. Weber.

The CHAIRMAN. Let's get this fellow. He says he has never seen you, and I cannot understand it.

Is Mr. Weber here? Where is Mr. Weber?

Mr. Weber, stand around over here.

Do you swear the testimony you give the committee will be the whole truth, so help you God?

Mr. WEBER. I do; yes.

FURTHER TESTIMONY OF LOU WEBER, BROOKLYN, N. Y.

(The previous witness, James J. Moran, remained on the stand.)

The CHAIRMAN. You told us you never did know Mr. Moran when you were here before.

Here is Mr. Moran. Do you know him?

Mr. WEBER. No, sir.

The CHAIRMAN. Is that your testimony now?

Mr. WEBER. That's my testimony.

The CHAIRMAN. Mr. Walsh, you take over.

Mr. WALSH. Commissioner Moran, is this the Mr. Weber of which you spoke?

Mr. MORAN. It is.

Mr. WALSH. Is this the gentleman that visited your office three, four, or five times?

Mr. MORAN. Yes. And, as I said at the closed hearings—well, I don't want to say what I did say, Mr. Halley, without having your permission to say it; one of the reasons for him coming. If you don't want me to say it, I won't say it.

Mr. HALLEY. You go right ahead.

Mr. MORAN. I don't want to hint to him, and I don't want to be considered overly smart.

Mr. HALLEY. Go right ahead.

Mr. MORAN. I did tell you at the closed hearing that on one of these occasions Louis Weber came in looking for a job to do some ship scraping, he had some ship-scraping business or something else. And that I also told you, in answer to a question put, I believe, by you, Mr. Halley, as to whether or not he got any of his business, I told you he did not.

Mr. HALLEY. And he also, on one occasion, came in to bring you a bottle of perfume; is that right?

Mr. MORAN. He came in around Eastertime, with a little bottle of perfume that he gave me, that I thought was, well, a damn nice thing for anybody to do.

Mr. HALLEY. Do you remember that, Mr. Weber?

Mr. WEBER. I don't remember.

The CHAIRMAN. Mr. Weber, look at Mr. Moran. Didn't you try to sell him something to clean ships with?

Mr. WEBER. I went one time to the place, was not interviewed by Mr. Moran. And I went, requesting work to paint from the tugboat, from the fire department.

The CHAIRMAN. Did you see Mr. Moran try to sell him?

Mr. WEBER. I don't remember seeing him. That was my testimony, and it still is my testimony.

The CHAIRMAN. You deny that you ever saw him before, then?

Mr. WEBER. I said it, and I still say that. One day I went there, but I was not interviewed by him.

The CHAIRMAN. You didn't see him?

Mr. WEBER. I was not interviewed by him.

The CHAIRMAN. You know where this fire department or fire office is?

Mr. WEBER. Well, I do know.

The CHAIRMAN. Mr. Martin, you come around here.

Do you swear the testimony you give this committee will be the whole truth, so help you God?

Mr. MARTIN. Yes, sir.

The CHAIRMAN. All right, Mr. Walsh.

TESTIMONY OF GERARD M. MARTIN, NEW YORK CITY, N. Y.

(The two previous witnesses, James J. Moran and Louis Weber, remained on the witness stand.)

Mr. WALSH. Will you be seated, Mr. Martin, please.

Give the committee your full name, please.

Mr. MARTIN. Gerard M. Martin, M-a-r-t-i-n.

Mr. WALSH. What is your occupation, Mr. Martin?

Mr. MARTIN. Fireman, New York City Fire Department.

Mr. WALSH. And your particular assignment?

Mr. MARTIN. At present, I am assigned to the office of the fire commissioner.

Mr. WALSH. How long have you been so assigned?

Mr. MARTIN. Since July 10, 1944.

Mr. WALSH. Where is your post of duty, Mr. Martin?

Mr. MARTIN. At present, I am receptionist.

Mr. WALSH. Have you been that over the period of years?

Mr. MARTIN. Yes, sir.

Mr. WALSH. Where is this particular place that you work?

Mr. MARTIN. Room 1132, Municipal Building, New York.

Mr. WALSH. Where is the fire commissioner's office in relation to that room?

Mr. MARTIN. That is room 1133.

Mr. WALSH. I mean, physically?

Mr. MARTIN. To the rear of the reception room.

Mr. WALSH. And where is the first deputy commissioner's room?

Mr. MARTIN. To the west side.

Mr. WALSH. Are there any other offices there?

Mr. MARTIN. To the north, but there is a fire room. That is for the files of the office of the fire commissioner, and incorporated in that office is the office of the secretary of the fire department.

Mr. WALSH. So, as receptionist, you are receptionist to these two or three offices?

Mr. MARTIN. That is correct.

Mr. WALSH. Now, do you know the gentleman on your right?

Mr. MARTIN. Yes, sir; I do.

Mr. WALSH. Would you identify him, please?

Mr. MARTIN. Former first deputy commissioner James J. Moran.

Mr. WALSH. And he served, of course, during the period that you were receptionist?

Mr. MARTIN. Yes, sir.

Mr. WALSH. Now, there is a gentleman on the right of Commissioner Moran, and slightly to the rear.

Mr. MARTIN. Yes, sir.

Mr. WALSH. Do you recognize that gentleman?

Mr. MARTIN. Yes, sir; I do.

Mr. WALSH. Do you know his name?

Mr. MARTIN. His name is known to me as Louis Weber, L-o-u-i-s.

Mr. WALSH. Have you seen him before?

Mr. MARTIN. Yes, sir; I have.

Mr. WALSH. When and where?

Mr. MARTIN. At room 1132 in the Municipal Building.

Mr. WALSH. And when was the last time that you saw him?

Mr. MARTIN. Prior to today, sir?

Mr. WALSH. Yes, please.

Mr. MARTIN. I would say late spring of 1950.

Mr. WALSH. And when would you fix as about the first time that you saw Mr. Weber?

Mr. MARTIN. Approximately 2½ years prior to that.

Mr. WALSH. During that 2½-year period, did you see Mr. Weber in, or rather, did Mr. Weber come to the reception desk and inquire for anybody in your office?

Mr. MARTIN. Prior to that time, sir?

Mr. WALSH. No; during that time.

Mr. MARTIN. During that time; yes, sir. He did come to the reception desk.

Mr. WALSH. All right, for whom did he inquire?

Mr. MARTIN. For Commissioner Moran.

Mr. WALSH. And how often would you say he inquired for Commissioner Moran?

Mr. MARTIN. It varied. Sometimes it was every 2 weeks; sometimes it would be maybe twice a week; sometimes it wouldn't be—

The CHAIRMAN. Twice a week?

Mr. MARTIN. Pardon me; yes, sir. And sometimes it wouldn't be for a month, or perhaps slightly longer.

Mr. WALSH. How many times in a month would you say was the maximum number of times you might see Mr. Weber inquiring for Commissioner Moran?

Mr. MARTIN. It could have been 8 to 10, 11 times.

Mr. WALSH. Would that be an extraordinary month?

Mr. MARTIN. Well, the witness—

Mr. MORAN. If I may interrupt, Mr. Walsh, so this nonsense won't continue the way it's continuing: Mr. Martin I know wasn't at all times at the office. Mr. Martin was one that was inclined to be off for days on end. As far as him seeing Louis Weber in there 8 or 10 times a month, it's ridiculous. Mr. Martin would be absent most often on Mondays, and occasionally a couple of other days in between in the week. His statement that Louis Weber came in 8 or 10 times a month is ridiculous. I haven't concealed anything from you.

The CHAIRMAN. Just a moment, Mr. Moran. We will give you a chance to be heard. I don't know what this officer is going to say. Suppose we get Mr. Martin's statement.

Mr. WALSH. Mr. Martin, you of course realize you are testifying under oath?

Mr. MARTIN. Yes, sir; I am.

Mr. WALSH. And you have heard the statement made by Commissioner Moran?

Mr. MARTIN. Yes, sir; I have.

Mr. WALSH. Now, are you certain that you saw Mr. Weber?

Mr. MARTIN. Yes, sir; I have.

Mr. WALSH. You saw him come to that office the number of times that you say he came?

Mr. MARTIN. Yes, sir; I do.

Mr. WALSH. How many times would you figure that over the period of 2½ years?

Mr. MARTIN. I would have to say about 50; I couldn't say exactly.

Mr. WALSH. More than 50?

Mr. MARTIN. No, sir.

The CHAIRMAN. Well, when he came, did you show him back to Mr. Moran's office, or did he know how to get back there?

Mr. MARTIN. I announced him to Commissioner Moran.

The CHAIRMAN. And did you see him go back into Mr. Moran's office?

Mr. MARTIN. It was just three steps away, sir.

The CHAIRMAN. Then you are absolutely sure that you saw him talking with Mr. Moran?

Mr. MARTIN. I saw him go into Commissioner Moran's office, sir.

The CHAIRMAN. Would Mr. Moran be in there with him?

Mr. MARTIN. Yes, sir; he would.

The CHAIRMAN. It is a private office?

Mr. MARTIN. That's right; yes, sir.

Mr. WALSH. Did you ever hear him address Mr. Moran—Commissioner Moran?

Mr. MARTIN. As "Hello, Commissioner."

Mr. WALSH. Did you ever hear Commissioner Moran address Mr. Weber?

Mr. MARTIN. Yes; I heard him say, "Hello" to him; yes, sir.

Mr. WALSH. Will you tell us what you heard, how he addressed him?

Mr. MARTIN. As I recall it, I just remember him saying "Hello" to him. That's all I remember.

The CHAIRMAN. Just a minute. Now, go ahead, Mr. Walsh. Let us get this over with. Any other questions of Mr. Martin?

Mr. HALLEY. Mr. Moran, do you want to make any statement now about Mr. Martin's testimony?

Mr. MORAN. I just made the statement about Mr. Martin's testimony, Mr. Halley.

Mr. HALLEY. Did you ever—

Mr. MORAN. Will you, as long as I am—

Mr. HALLEY. May I ask the questions? Do you want to make a statement about it further?

Mr. MORAN. No. As long as I am not permitted to question the witness, you question him and ask him how many times during the 2-year period he was absent from the fire department?

Mr. HALLEY. That is a fair question.

Mr. MARTIN. In the last 2 years how many times I was absent?

Mr. MORAN. That's right.

Mr. HALLEY. Would you answer the question, Mr. Martin?

Mr. MARTIN. Yes. I was out 8 days during 1949 and 1950. I was out in February 1948, 3 days—that was the 9th, 10th, and 11th of February, due to the fact that a son was born to my wife. I was absent 5 days outside of that. I was absent from the 27th of December 1950, up to and including 9 a. m. the 8th of January of this year, sick leave for gripe and bronchitis. I was not granted a formal sick leave at other times. My wife reported me sick for 1 day. There was a total of 8 days. I was on an emergency leave—pardon me, I am wrong—there was another time I had an emergency leave of about

21½ days; my wife was ill and my three children were ill at the time. I had called at that time the assistant chief of staff in operations, Hennessy, requesting an emergency leave.

Mr. HALLEY. Did you get it?

Mr. MARTIN. It was granted to me; yes, sir. It was on a Monday.

Mr. HALLEY. Were you in any way ever disciplined for absences?

Mr. MARTIN. No, sir; I have never had a charge preferred against me.

Mr. HALLEY. No charges of any kind?

Mr. MARTIN. No, sir.

Mr. HALLEY. By Commissioner Moran or anyone else?

Mr. MARTIN. No, sir; by no one.

Mr. MARTIN. Commissioner Moran was never one for preferring charges against anybody, Mr. Halley.

The CHAIRMAN. Excuse me, Mr. Halley. I can't see that the fact that he wasn't there a good deal of the time, and apparently you did have time off, alters the situation. The times you are talking about, of course, would be when you were there; is that right?

Mr. MARTIN. That is correct, sir.

The CHAIRMAN. What is the physical lay-out of this office? You are the receptionist; they come to you and tell you whom they want to see; is that right?

Mr. MARTIN. That is correct, sir.

The CHAIRMAN. And where is Mr. Moran's office?

Mr. MARTIN. Mr. Moran's office was to the west of the reception office.

The CHAIRMAN. Just about 3 feet away?

Mr. MARTIN. That's right.

Mr. MORAN. Straight ahead.

Mr. MARTIN. Straight ahead.

The CHAIRMAN. Straight ahead about 3 feet?

Mr. MARTIN. No, sir. By that I meant it was 3 feet to a doorway; then there was a small hallway there which comes about two steps across the hallway to Commissioner Moran's office, approximately five steps from the reception desk.

The CHAIRMAN. When this chap would come in, Weber, would you take him back to see that he got in the office?

Mr. MARTIN. He would ask for Commissioner Moran. If Commissioner Moran was busy I would ask him to take a seat. There were several seats in the reception room there. If Commissioner Moran was free I would announce that Mr. Weber was here to see him.

The CHAIRMAN. Then you would show him back to the office?

Mr. MARTIN. And then if Commissioner Moran wished to see him I would tell him all right, Commissioner Moran would see him.

The CHAIRMAN. So there can be no question at all but that in your opinion something like 50 more or less times he was there and Mr. Moran saw him and he saw Mr. Moran; is that correct?

Mr. MARTIN. Well, I believe so; yes. But there were times when, a few times when he called and Mr. Moran was not in—pardon me, Commissioner Moran was not in, and he left.

The CHAIRMAN. That's right. I am talking about the times when you actually took him back to the office.

Mr. MARTIN. Yes, sir.

The CHAIRMAN. All right.

Mr. HALLEY. Is there anything else you would like to state about this, Commissioner Moran, with regard to the statement you have just heard?

Mr. MORAN. No, Mr. Halley.

Mr. HALLEY. Is there any reason why this gentleman should want to harm you that you know?

Mr. MARTIN. Pardon me. I have no reason to harm Commissioner Moran.

Mr. HALLEY. Did you volunteer this testimony or did Mr. Walsh and our staff seek you out?

Mr. MARTIN. I was sought out by two members of your staff, I believe they were—I only heard it second-hand, I didn't know who the gentlemen were—and then I was ordered down here.

Mr. HALLEY. And questioned; is that right?

Mr. MARTIN. That is correct; yes, sir.

The CHAIRMAN. Well, does Mr. Moran want to ask any questions?

Mr. MORAN. No, sir.

Mr. HALLEY. Do you keep any record of visitors at the office?

Mr. MARTIN. We didn't prior to the 2d or 3d of January of this year, and that was at the request of the present commissioner, and the receptionist doesn't keep a record of it. A memorandum is made out in duplicate and brought in to the secretary of the fire commissioner. She retains the carbon copy, and the original goes to the commissioner.

Mr. WALSH. Mr. Martin, did you ever have a visitor for Commissioner Moran who identified himself as Dr. Cooper?

Mr. MARTIN. Dr. Cooper; yes, sir.

Mr. WALSH. Did he visit that office frequently?

Mr. MARTIN. Quite often, sir.

Mr. WALSH. How many times would you say he visited it?

Mr. MARTIN. It is difficult to say. By that I mean it was at very irregular periods. I couldn't say that it was twice a week or once a month. It was at irregular periods.

I know that at times he was not there for months.

Mr. WALSH. During this period, did he visit the office as many times as Mr. Weber?

Mr. MARTIN. Oh, no, sir.

Mr. WALSH. Weber visited more often?

Mr. MARTIN. That's correct, sir.

Mr. WALSH. Now, did there come a time when you learned that Dr. Cooper had a different name?

Mr. MARTIN. Yes, sir; at one time, sir.

Mr. WALSH. Will you state the circumstances under which you learned that?

Mr. MARTIN. This Dr. Cooper came and asked for Commissioner Moran. Commissioner Moran wasn't in at the time, and he asked to see Commissioner Quayle, and I started in to Commissioner Quayle's secretary, and he said, "Just one moment." He said, "Tell the Commissioner that Mr. Sherman would like to see him."

The only reason that stuck in my recollection is that I always knew him as Dr. Cooper.

Mr. WALSH. Did you receive any telephone calls from a man who identified himself as Dr. Cooper?

Mr. MARTIN. Yes, sir; I did.

Mr. WALSH. And was that the same voice as that of the man you had known as that?

Mr. MARTIN. Yes, sir; I believe it was the same gentleman.

The CHAIRMAN. All right, thank you, Mr. Martin.

Mr. WEBER. May I ask a question?

The CHAIRMAN. You ask us any questions.

Mr. WEBER. All right, I wanted you to ask the witness, does Mr. Moran's room lead to different rooms in that same department?

The CHAIRMAN. I can't understand your question.

Mr. MORAN. He wants to know if the witness—if I may be brazen enough to interpret for you—he wants to know whether or not my room led to other rooms in the fire department. That is what he said.

The CHAIRMAN. Well, did it?

Mr. MORAN. He wants the question asked of Martin.

The CHAIRMAN. Well, all right.

Mr. MARTIN. Shall I answer that, sir?

The CHAIRMAN. What is that?

Mr. MARTIN. Shall I answer that? Is that the question, sir?

The CHAIRMAN. Yes.

Mr. MARTIN. There was a room—pardon me—a door to the north of it that led to the secretary to the department's office, and there was a door to the south that led to the commissioner's office—the fire commissioner's office.

The CHAIRMAN. But after anyone was taken into Commissioner Moran's office, that was not the hallway to go anywhere else, was it?

Mr. MARTIN. Pardon me. If you stepped out of the reception room, you stepped into the corridor, and the door of Commissioner Moran's office was across the corridor. You could turn right or left—right, into the reception room, and left, into the corridor to the outer door of the fire commissioner's office.

The CHAIRMAN. To the left led to the outer door of Mr. Moran's office?

Mr. MARTIN. Pardon me, sir. It would go right into the reception room.

The CHAIRMAN. Did you see Mr. Weber—did you take him direct to Commissioner Moran's door?

Mr. MARTIN. Yes.

The CHAIRMAN. And you got him inside and heard him talk?

Mr. MARTIN. Only to say, "Hello" to each other.

Mr. WALSH. How long would Mr. Weber stay?

Mr. MARTIN. Fifteen or twenty minutes, perhaps.

The CHAIRMAN. All right, that is all, Mr. Moran and Mr. Martin.

Mr. WEBER. One other question.

The CHAIRMAN. All right.

Sit down, please. I thought that was all.

Mr. WEBER. My second question: Could it probably going through Mr. Moran's room, like I say before in my testimony, that I was interviewed by another man, and could be probably another man in the office? Could be a secretary to Mr. Moran, or maybe another man working in the building could be questioned by me?

The CHAIRMAN. If I get your question, it is that when Mr. Martin took you into Commissioner Moran's office, whether somebody else might have been there in Mr. Moran's office to greet you and talk with you? Is that your question?

Mr. WEBER. That was my testimony, that I was interviewed by another man.

The CHAIRMAN. How about that? Did you know Commissioner Moran's voice, know that he was the one in there talking to Mr. Weber?

Mr. MARTIN. Yes. Pardon me. What he probably means is that I had a partner. In other words, we served at the reception desk at the time. At the present time the gentleman is retired or has retired. I think that is what he means.

He means another man at the reception desk besides myself. In other words, that I was not always at the reception desk.

The CHAIRMAN. Of course, you are only testifying about the times you were at the reception desk?

Mr. MARTIN. That's right; yes, sir.

Mr. HALLEY. I have one question. Have you ever seen Frank Costello?

Mr. MARTIN. No, I never have.

Mr. HALLEY. Or Joe Adonis?

Mr. MARTIN. No, sir; I never have.

Mr. HALLEY. Thank you.

Mr. MARTIN. You are welcome, sir.

Mr. WALSH. Mr. Martin, did Mr. Weber ever appear at the reception desk and ask for anyone other than Commissioner Moran?

Mr. MARTIN. I believe on two or three occasions, tops I would say three, he asked for Commissioner Quayle.

Mr. WALSH. Was he taken——

Mr. MARTIN. Pardon me. May I qualify that? By that I don't say he went into Commissioner Quayle. I brought him into the secretary to the commissioner's office—in other words, to the secretary.

Mr. WALSH. Now, did you ever see Mr. Weber leave Commissioner Moran's office by a door other than that which he entered?

Mr. MARTIN. Once or twice I believe I did.

Mr. WALSH. What door was that?

Mr. MARTIN. From the secretary to the commissioner's.

Mr. WALSH. You mean after he had apparently left Commissioner Moran's office and entered the office of the secretary to the commissioner?

Mr. MARTIN. That is my presumption; yes.

The CHAIRMAN. All right, that is all, Mr. Martin. That is all, Mr. Moran.

You stay here a minute now.

(Thereupon Mr. Moran and Mr. Martin left the witness stand.)

The CHAIRMAN. Now, sit down here, Mr. Weber.

All right, that's all, Mr. Moran. That is all, Mr. Martin.

You stay here a minute, Mr. Weber.

Now, sit down here, Mr. Weber.

Now, Mr. Weber, how about this? We couldn't understand in our executive session about you saying you never had seen Mr. Moran. Did you ever see him?

Mr. WEBER. I say I don't see him. I still maintain that.

The CHAIRMAN. You still maintain that?

Mr. WEBER. Yes, sir.

The CHAIRMAN. All right, Mr. Walsh; he said he still maintains he never saw Mr. Moran.

Never in your life, Mr. Weber?

Mr. WEBER. I saw him here.

The CHAIRMAN. You saw him here, all right.

Mr. WALSH. Mr. Weber, you do admit that you went to the office of the fire department?

Mr. WEBER. I went to the office; yes, sir.

Mr. WALSH. How many times did you say you went there?

Mr. WEBER. A few times I went there.

Mr. WALSH. Two or three?

Mr. WEBER. About two or three times.

Mr. WALSH. No more?

Mr. WEBER. No more than that.

Mr. WALSH. You saw the man in the uniform, Mr. Martin, that was there—you saw him today?

Mr. WEBER. I'm a little slow today. I don't know if that's the same man that was there.

Mr. WALSH. When you went to the office of Mr. Moran, do you recall speaking to that man?

Mr. WEBER. Well, I never went to speak to anybody there.

Mr. WALSH. You don't recall seeing this man before today?

Mr. WEBER. This fellow used to come to the different jails and ask who you were looking for, and that's all; and they put a piece of paper—

Mr. WALSH. Whom did you go down there looking for?

Mr. WEBER. I went down to see Mr. Moran, but he referred me to another man over there.

Mr. WALSH. You went down to see Mr. Moran?

Mr. WEBER. And he referred me to another man. I don't know if it was a secretary or another man that was—that worked in the fire department. There are so many over there.

Mr. WALSH. And then thereafter, the few times that you went there on the ship-scaling business—is that what you went there on?

Mr. WEBER. Right.

Mr. WALSH. You did not deal with Mr. Moran?

Mr. WEBER. They never gave us a job.

Mr. WALSH. But you did not deal with Mr. Moran?

Mr. WEBER. I never had any dealings with him.

Mr. WALSH. You heard Mr. Moran testify?

Mr. WEBER. I heard him testifying.

Mr. WALSH. That you gave him perfume?

Mr. WEBER. Well, I took one bottle of perfume, but it was not for Mr. Moran. I don't think Mr. Moran is going to use any perfume.

The CHAIRMAN. Who was the perfume for? I mean, did you give him the perfume?

Mr. WEBER. I left the perfume over there, but it was not for him.

The CHAIRMAN. But it wasn't left for him?

Mr. WEBER. No.

The CHAIRMAN. Who was it left for?

Mr. WEBER. One of the ladies that used to—I don't know if it was the secretary, or something like that, over there—a lady.

The CHAIRMAN. So you never left any perfume—

Mr. WEBER. I left the perfume over there. She was—I think she was sick or absent, or something like that.

The CHAIRMAN. All right. Is there anything else, Mr. Walsh?

Mr. WALSH. Have you ever been convicted of a crime, Mr. Weber?

Mr. WEBER. Yes, sir.

Mr. WALSH. What was that charge?

Mr. WEBER. Been convicted many times—for gambling and fighting.

Mr. WALSH. Were you ever convicted for policy?

Mr. WEBER. I was convicted for policy—that go into gambling.

Mr. WALSH. Did you operate a policy bank?

Mr. WEBER. I did not.

Mr. WALSH. What is your occupation?

Mr. WEBER. I told you last time, I was working as a stevedore. I had different occupations. I'm a man of all trades.

Mr. WALSH. What is your present occupation?

Mr. WEBER. Now I am not working now since the last part of November.

Mr. WALSH. 1950?

Mr. WEBER. Right.

Mr. WALSH. What were your total earnings during 1950 from stevedoring?

Mr. WEBER. Stevedores, \$356 and a few cents, and a few other items—a few other jobs I did—very little.

Mr. WALSH. What was your total income?

Mr. WEBER. That amount of money.

Mr. WALSH. You derived no money whatsoever from gambling, from policy?

Mr. WEBER. No, sir.

The CHAIRMAN. You have been convicted here many times for gambling.

Mr. WEBER. Gambling.

The CHAIRMAN. Carrying brass knuckles, homicide—

Mr. WEBER. Not convicted?

The CHAIRMAN. Well, you were charged with shooting.

Mr. WEBER. Well, charged—they don't charge anybody with anything.

The CHAIRMAN. Conspiracy.

Mr. WEBER. That was the gambling charge—conspiracy.

The CHAIRMAN. You were sent to the penitentiary for that, weren't you?

Mr. WEBER. Yes, sir.

The CHAIRMAN. Disorderly conduct?

Mr. WEBER. Yes; that's gambling, too. It's the only disorderly conduct.

The CHAIRMAN. Vagrancy?

Mr. WEBER. I was not convicted. I been arrested.

The CHAIRMAN. Well, it doesn't show the disposition here.

Mr. WEBER. Yes.

The CHAIRMAN. Are you a naturalized citizen, or were you born here?

Mr. WEBER. I am a Puerto Rican.

The CHAIRMAN. You are a Puerto Rican?

Mr. WEBER. I am a Puerto Rican. I been here 36 years in this country. I was first in the First World War. I was an able-bodied seaman.

The CHAIRMAN. How old were you when you came over here?

Mr. WEBER. What?

The CHAIRMAN. When did you come to the United States?

Mr. WEBER. 1915.

The CHAIRMAN. 1915. How old were you when you came over?

Mr. WEBER. I was about that same age. I'm 51, going on 52.

The CHAIRMAN. I see. You were about 15 years old?

Mr. WEBER. Yes, sir; 1899 I was born.

The CHAIRMAN. Well, Mr. Weber, that's all the questions we want to ask you now. But you will continue under subpoena. You do not need to come back until we notify you; but this committee will certainly have to recommend to the district attorney that your matter be presented to the Federal grand jury on perjury because it is inconceivable that in the light of the testimony of these two men, that they saw you there and talked with you, you can deny you ever have even seen the commissioner.

Mr. WEBER. Well, it's up to you, sir. It's up to this committee.

The CHAIRMAN. All right.

Mr. WEBER. I going to maintain what I say.

The CHAIRMAN. Understand, we are not asking you for your advice in the matter. I just wanted to let you know what our position is.

Mr. HALLEY. Who did you give that bottle of perfume to?

Mr. WEBER. I leave it there in Mr. Moran's office, for another lady there—I don't know her name.

Mr. HALLEY. Who did you hand it to?

Mr. WEBER. I leave it there in Mr. Moran's office.

Mr. HALLEY. You must have handed it to somebody?

Mr. WEBER. There was another man, but it was not this man.

Mr. HALLEY. You mean a man in a uniform?

Mr. WEBER. Yes.

Mr. HALLEY. Not Mr. Moran?

Mr. WEBER. No; neither of these men.

The CHAIRMAN. All right. I think that is enough. You are excused now.

Mr. WEBER. All right. Thank you, sir.

The CHAIRMAN. I am sorry that we haven't made more progress in getting more witnesses heard during this week. The witnesses will be instructed to come back Monday. If for any reason any witness can come Tuesday, rather than Monday, or if Monday is awfully inconvenient for any witness, if they would speak to the members of the staff after this meeting, why perhaps some arrangement could be made.

We will not have a session tomorrow in accordance with the previous statement. We will meet at 9:30 on Monday morning.

But just before we adjourn, Mr. Walsh wants to recall Mr. Martin for only one question.

And if you try to ask more than one, we will do something about it, Mr. Walsh.

FURTHER TESTIMONY OF GERARD M. MARTIN, RECEPTIONIST, OFFICE OF THE FIRE COMMISSIONER, NEW YORK CITY FIRE DEPARTMENT

Mr. WALSH. Mr. Martin, you had an associate working with you at the reception desk?

Mr. MARTIN. That is correct.

Mr. WALSH. What was his name?

Mr. MARTIN. His name was Fireman John M. Doyle.

Mr. WALSH. Is he presently retired from the fire department?

Mr. MARTIN. He is retired.

Mr. WALSH. Did you ever see Fireman Doyle talk to Louis Weber and take him into the office of Commissioner Moran?

Mr. MARTIN. Yes, sir; I did.

Mr. WALSH. On how many occasions?

Mr. MARTIN. I would say offhand 12 occasions at least.

Mr. WALSH. Was he present on other occasions when you took and announced Mr. Weber to Commissioner Moran?

Mr. MARTIN. I couldn't say for sure whether he was or not. I can say I was present when he announced him.

The CHAIRMAN. Thank you, Mr. Martin.

The committee will stand in recess until 9:30 Monday morning.

(Thereupon, at 5:50 p. m., the hearing was recessed until March 19, 1951, at 9:30 a. m.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

MONDAY, MARCH 19, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

The committee met, pursuant to recess, at 9:30 a. m., in room 318, United States Courthouse, Foley Square, New York City, N. Y., Senator Estes Kefauver (chairman) presiding.

Present: Senator Kefauver, O'Connor, Hunt, and Tobey.

Also present: Rudolph Halley, chief counsel, Alfred M. Klein, associate counsel; James Walsh, Joseph Nellis, David Shivitz, Reuben Lazarus, Louis Yavner, and Arnold L. Fein, assistant counsel.

The CHAIRMAN. The committee will come to order.

We are now on our final 2 days of hearing in New York, because we do hope to finish by tomorrow afternoon. It may be possible, however, that we will have to go over part of the day on Wednesday. But this committee and its staff has to write a report and get out the details of the legislative recommendations in Washington before March 31.

Furthermore, we have hearings scheduled in Washington beginning, I believe, on Thursday of this week. So we are making our plans to try to finish this hearing tomorrow afternoon or sometime Wednesday at the latest.

The committee's chairman is delighted to have with us again today Senator O'Connor, of Maryland, who has been one of the mainstays of the committee; Senator Tobey, at Senator O'Connor's right, without whom the committee could not effectively function; and Senator Hunt, of Wyoming, who is here for the first time today.

Senator Hunt has been very active in the work of this committee and his services have been most valuable to the Senator and to the Nation through his work on this committee and other committees.

Senator Hunt is a member of the Armed Services Committee of the Senate, on which the chairman has the pleasure of serving with him, and he is also a member of the Interstate and Foreign Commerce Committee before which much of the legislation this committee will recommend will be referred.

We hope that later today or tomorrow Senator Wiley, the fifth member of the committee, may be present. He is very anxious to come up.

It so happens that Senator Wiley is the ranking minority member of the Foreign Relations Committee of the Senate. The Senate today has before it the matter of troops for Europe, so that he has to be there at least until arrangements can be made.

The committee wishes to acknowledge with much appreciation the kind words that have been said about the work of this committee by the Kings County grand jury a few days ago and by Judge Leibowitz.

The encouragement we have received from the grand jury and from Judge Leibowitz and from other officials and people has been most heartening and encouraging to the committee.

On Saturday, pursuant to agreement with Mr. Wolf, counsel for Mr. Costello, and Mr. Costello, Dr. John D. Kernan, well-known eye, ear, nose, and throat specialist, made an examination of Mr. Costello at his apartment. I will not go into the details of his findings. There are a lot of technical words that I am unable to pronounce. But his conclusion is that—

One would say from this examination that there would be a more than normal strain for this man to talk for long periods. There is no reason, however, why he cannot testify for a reasonable length of time, such as 2 hours. If testimony is for 2 hours in the morning, he could testify again the following morning.

That is signed by John D. Kernan.

When Ambassador O'Dwyer concludes his testimony, we will expect to call Mr. Costello again, under the terms of this medical certificate. I do not know how soon that will be.

The certificate will be made part of the record.

(The certificate referred to was as follows:)

NEW YORK 21, N. Y., March 17, 1951.

Senator ESTES KEFAUVER,

*Investigating Committee of Organized Crime in Interstate Commerce,
United States Courthouse, Foley Square, New York, N. Y.*

DEAR SENATOR KEFAUVER: This letter will certify that at 9:30 a. m., this day, I examined Mr. Frank Costello in his apartment at 115 Central Park West. My findings were as follows:

His pharynx is negative. The larynx shows evidence of a previous extensive disease of the left side, the aryepiglottic fold and ventricular band being replaced by a stiff mass of scar tissue. This mass covers the vocal cord below it so that it cannot be seen except on vocalization when it comes into view as a thin white line of normal contour. The side of the larynx moves poorly. The right vocal cord and adjacent parts are normal. There is no evidence of an acute infection at this time.

One would say from this examination that there would be a more than normal strain for this man to talk for long periods. There is no reason, however, why he cannot testify for a reasonable length of time, such as 2 hours. If testimony is for 2 hours in the morning, he could testify again the following morning.

Sincerely yours,

JOHN D. KERNAN.

The CHAIRMAN. Mr. Halley suggests that I should read into the record a telegram from Albert Anastasia of March 17.

DEAR SENATOR KEFAUVER: I was ordered by a telegram from you to appear for questioning by your committee on March 14. I obeyed your orders. For 3 weeks before, I had been suffering with acute conjunctivitis, a very painful condition of the eyes, which I brought to the hearing. I waited to be called all that day, March 14; Thursday, March 15; and Friday, March 16. Believe me, sir, on Friday, that last day, the pain was terrible. I sent a couple of messages to Mr. Halley to ask him to please let me know if I wasn't going to be called, and I would appreciate it if he would let me go home and come back any time he wanted me. After the Friday afternoon session, I approached Mr. Halley when he was leaving by the elevator and, suffering great pain, I explained my condition to him and believe me, sir, Mr. Halley was very nice to me in return. He was very sorry that he didn't get any of my messages and told me he would excuse me if he knew about it sooner. Then I went back to the witness room to get my hat and coat. I saw some fellows there and they asked me:

"What's cooking?"

With the terrible pain I had, and after waiting 3 whole days—I must have been a little hot, certainly. I told them I was innocent, that I never hurt a hair on a fly's head and I am very sorry, sir, if the gentlemen of the press misquoted me because I have nothing but the highest respect for you personally and for all the members of your honorable committee. Very respectfully yours,

ALBERT ANASTASIA.

I didn't see the statement, but it was there.

Let this telegram be made a part of the record.

In accordance with the frequently announced policy of the committee, we want to be as fair as we can with everybody whose name may be mentioned in the hearing and do not want to leave New York with anybody's name having been mentioned without giving them an opportunity of being heard, to make any denial or explanation or enlargement upon any testimony that may have been given about any person whomsoever during this hearing. So that if anyone whose name has been brought out in the hearing feels that they wish to make any statement, or if any elaboration of what has been said would be of benefit to the committee, we wish to cordially invite them to let the staff or some member of the committee know so that arrangements can be made for their being heard.

That applies also, and all the members of the committee are in agreement, to Governor Dewey, the distinguished Governor of the State of New York. We are not specifically requesting or subpoenaing or ordering Governor Dewey to appear.

Informally some weeks ago Mr. Halley told him he would be welcome to appear and make any statement he wished or any observations. His name has been brought out in the committee hearing in connection with the role of Luciano and also in connection with certain gambling operations at Saratoga. If Governor Dewey wishes to appear before the committee he will be cordially invited to do so, if he wishes to appear. The matter is up to him. The question about Saratoga is somewhat up in the air and it may be, and some of us of the committee feel, that Governor Dewey may want to avail himself of the invitation, which is cordially extended, to appear and make any statement or observation about Saratoga or anything else that he wishes to, and this message will specifically be conveyed to him.

We have, in other States, of course, had distinguished Governors before our committee: Governor Lausche, of Ohio, and Governor Stevenson, of Illinois; Governor Williams, of Michigan; Governor Smith, of the State of Missouri.

Ambassador O'Dwyer, I believe, is our first witness.

I want to have the record show that Ambassador O'Dwyer is appearing here voluntarily. The members of the staff, and also the chairman, some 6 weeks or 2 months ago, had a talk with Ambassador O'Dwyer, and the Ambassador said he would like to appear before the committee and to give the committee any information that we wanted, to give his experiences and suggestions, and to answer any questions or inquiries that may be made of him.

So that he has come from Mexico for the purpose of appearing as a volunteer witness before this committee.

We know, Mr. Ambassador, that you have been ill some weeks ago; and if your statement is too long, and you feel that you would like to break it into parts, why, you let us know and we will make arrangements.

Mr. O'DWYER. Thank you, sir, very much.

The CHAIRMAN. Before we start, have you any observations, Senator O'Connor?

Senator O'CONNOR. No, sir.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No, sir.

The CHAIRMAN. Senator Hunt?

Senator HUNT. No, nothing.

The CHAIRMAN. Mr. Ambassador, will you stand. Do you solemnly swear the testimony you give this committee will be the whole truth, and nothing but the truth, so help you God?

Mr. O'DWYER. I do.

TESTIMONY OF HON. WILLIAM O'DWYER, UNITED STATES AMBASSADOR TO REPUBLIC OF MEXICO

The CHAIRMAN. Mr. O'Dwyer, before any questions are asked you, do you have any general statement that you wish to make, or any observations, or an general information you wish to give the committee?

Mr. O'DWYER. Well, I thought, Senator, that since I have been more or less connected with law enforcement since about 1917, when I first became a policeman in this city, that I might be able to outline, from my own experiences, the things that I have seen, things I have lived through in this city that might have a bearing on the purposes of the committee.

The CHAIRMAN. We would be very glad to have you do that, Mr. O'Dwyer.

Will you just go right ahead.

Mr. O'DWYER. Do you want me to give my name?

The CHAIRMAN. Yes, sir.

Mr. O'DWYER. William O'Dwyer, State Department.

The CHAIRMAN. Ambassador to the Republic of Mexico?

Mr. O'DWYER. Yes. Residence of the Embassy, Mexico City, Mexico, D. F.

The CHAIRMAN. All right, sir. Any experiences you have had, or any information you can give the committee that will be of value, we will be very glad to have you do so.

Mr. O'DWYER. May I be permitted, first, sir, to express my gratitude to the committee for extending the time of my appearance here to give me an opportunity to get over a recent bronchial and pulmonary illness which, as Your Excellency remarked, is still not—from which I haven't still completely recovered. However, I feel strong enough to continue the program of this committee as arranged.

I also welcomed—

The CHAIRMAN. I believe, Mr. Ambassador, if you will move the mike a little bit closer—

Mr. O'DWYER. Is this all right? Is that better?

The CHAIRMAN. Yes.

Mr. O'DWYER. I need those mikes, Senator, because a lot has been said and a lot has been written while my back was turned, and I welcome an opportunity now to look at and talk to not only this committee but the people of this city and elsewhere that are listening in. And

I am grateful to the committee for giving me the opportunity to come here and take part in these proceedings.

I would like to have that noted on the record, sir.

In 1917 I became a member of the police department in this city, and remained there about 7 years. We are talking about crime. At that time crime was more or less localized. Every city had their criminals. They had their thugs. They had their burglars. But they were individual operators about that time. Also, once they undertook the role of criminal, they accepted the consequences of that role, and that is, they were not regarded with respectability. That was the condition, as I remember it, in 1917.

Now, there came into the picture, then, prohibition.

Prohibition, gentlemen, has left its mark in our Nation; and you, sir, and the members of this committee all over this Nation have found that mark. What happened in prohibition?

First of all, let's thoroughly understand that prohibition was jammed down the necks of the people by a few legislators and by a few supporters. Let's accept what is now obvious: that prohibition was not respected as a law by the majority of the people—I am speaking, of course, of the city of New York, but I could include in that every city in the United States.

What happened was this: that the people actually not only did not respect the law; they had the utmost disrespect for the law. With the support of the people, the law would have been a success.

The people absolutely said: "You can't give us this law."

Now, what happened as a consequence of the people's attitude? Why, every neighborhood, especially the slum neighborhoods—and, believe me, gentlemen, I don't want to indicate that poverty is enough of a basis for crime. I just passed through Chambers Street a few minutes ago and I saw there a housing project that I had the honor to open, a low-cost housing project, in honor of Alfred E. Smith, of this city, the late Alfred E. Smith. He was one.

I could count many, many men and women who came out of slum areas who were successful and who made great contributions not only to politics, but to the arts and literature, and to the world.

Now, at the same time, it was the slums that filled the jails. Let us not forget that slums and jails are closely related; that bad housing, that unreasonable living conditions, that all the meannesses that come from bad health, from lack of playgrounds, from lack of decent homes to live in in cities, where you bottle up people in slums, leave you just one answer, that from them you get the census of your jails, more than from any other place.

From them, too, came the men who actually ran the boats from this city, from the piers of this town, out beyond the 12-mile limit, that took all of the gambles of shooting it out with the customs guards and the other Federal agencies on watch.

The result was that there wasn't a block that I know of in the city that did not have a speakeasy in it or convenient to it.

Were these speakeasies wide open? They were not. They were closed tightly.

When a man or a woman wanted to go into a speakeasy they had to be known. They were not allowing everybody into a speakeasy.

But, gentlemen, the public went to the speakeasies in such huge numbers that the speakeasy usually was successful, and the bootlegger

was successful, and you, in your investigations from coast to coast, have not been too far away from the men that took the gamble.

Another change came. Naturally the people wouldn't have frequented these speakeasies if they didn't have, to begin with, a disrespect for the law. But a bad thing happened, and that is that you brought into a common plane the customer, the speakeasy owner, and the bootlegger, and you made them all partners in a gay lark, and you did something that we are still trying to survive. You made the criminal the associate of the mass of people, and you made him respectable, and that is something that you didn't have when I became a policeman in 1917.

Now, a little worse than that, gentlemen, is that the lush living of the law violator was not kept a secret, and the little children, still in their schoolrooms, were able to see what was going on, and with the hope of their future was a hope of the luxury of the times, and when the one and only way for them was this disrespect for law in this particular field, what you had from that young generation, especially in the slum areas, was the disrespect for law.

Now, take another matter. In those days the bootlegger who took truckloads of liquor from one place to another found that every once in a while his truck was what was known to the underworld as "hijacked," that is, that armed bandits came and by force took the driver out of the truck, took anyone else who was accompanying the truck, took them one way, took them aside, got into the truck, and drove off. Not infrequently was there an assault and there were possible murders as a result of this robbery, or, as they call it, this "hijacking" operation.

Now, what was the defense of the bootlegger for that? The bootlegger organized from the youngsters in the neighborhood, or wherever he found them, men to accompany his truck, men to protect it, men armed, usually not men but people who were little more than children. All during prohibition that is what we had, and whether we knew it then or not, we learned later that these groups, these armed groups, were naturally dangerous people. Interests in various sections crossed lines. So that among the men themselves, the bootleggers themselves, there became this danger to them, not only to their property but to their own personal lives.

If there is today an alliance throughout the United States in any form of crime, from coast to coast, it is an alliance that was born out of that arrangement, that personal fear.

It is an alliance that was brought into being because the bootleggers decided that it was better to have such an alliance than to shoot one another off.

That alliance had to be, of necessity, completely in the hands of the law violators. That alliance was one which called for organization. There had to be some kind of a set-up whereby rules would be made, acceptable throughout the Nation, and there had to be a set-up whereby an adjudication would be made on charges of violations of those rules; and there had to be an enforcement agency within the ranks of the underworld.

Now, I hope I am making this very clear to the committee, because later on I am going to touch upon my own findings in 1940.

So let us take, at this point, prohibition, support for violation of the prohibition law throughout the Nation by everybody, practically. Let us take the forces that went to supply the needs of the people.

And I also would like to impress upon the committee, with all the force and respect that I have, that prohibition could not possibly live if the people of the United States wanted to kill it, if the people did not support the violators of the law. And that will have a bearing on what I am coming to later on, which must be, by this time, fairly obvious.

Now, gentlemen, the day came when prohibition went out, and here were your bootleggers, with all their money in their pockets, now with considerable respect, as gay people; now having an opportunity because of that association over the prohibition years, and because of the money that they could afford to spend—now you have them mixing with respectable people; and that was not the condition when I became a policeman, in 1917.

Now, you have the children growing up in this community, looking at the luxury, their cars, their clothes, the places they went to, and the respect with which they were accepted.

Would the committee mind if I lowered my voice? I have a little trouble.

The CHAIRMAN. Suppose you move the microphone closer, Mr. O'Dwyer, and lower your voice.

Mr. O'DWYER. Thank you, sir, very much.

The CHAIRMAN. At the pitch you are going now, your voice may not last long.

Mr. O'DWYER. I will last, Senator, but not at that pitch.

Now, let's take what that did, that whole business did, to the police of this city. Let's take a look at what that prohibition did to the morale and to the moral sense of the police of this city.

Why, gentlemen, when those Seabright dories went down the bay, and went out to meet the mother ship, they brought in two, three hundred, four hundred cases of liquor. There had to be a point at which they landed it, and on one of our piers. There had to be trucks to take it away to what they call a "drop," or place to put it.

They could have all the piers on this Atlantic and the Pacific seaboard, but they couldn't hide the waiting trucks, and they couldn't hide very well, except on occasion, the Seabright dories that brought them in, no matter how fast they were.

They certainly could not load them in secret, and they certainly could not transport them through the streets of our city; and they certainly could not maintain a storage place for them in the city without the knowledge of the police.

Where is the use of shutting our eyes to an obvious fact that the whole morality of the people, of the police, of the little growing children that saw what was going on, that that whole morality was destroyed.

And we gave, through that—which really might have been a noble experiment, but an impractical one—we gave respectability to the violators of the law. And that's what happened.

Now, gentlemen, in 1925 I left the police department. I graduated from Fordham Law School in 1923—night courses—and I remained in the police department until 1924. I left there and served as a clerkship from 1924 to 1925. In 1925 I was admitted to practice law on my thirty-fifth year. I mention that because it wasn't as a youngster or as a dreamer that I set out to practice law in this city, but just as someone who had lived in the slums himself, who had gone

through the whole method of living, that made it possible for me to understand the people that lived under those circumstances in the slums, the conditions of unhappiness and bad health that were created in the slums, the answer to which could only be one—and that was low-cost housing properly handled, such as we are doing today. Later on I will tell you, when I became mayor, what I did to try to correct that condition. I can tell it to you now, as a matter of fact, gentlemen.

When I became mayor, I set about the largest low cost building housing in the United States; and during my 4 years as mayor I took 190,000 people out of slums and put them into decent low cost housing, because I recognized that there was a human element there and that government could not ignore it, if they wanted to restore the respect for law that was lost, completely lost, during prohibition.

I practiced law in Brooklyn, civil and criminal, but never at any time any combination of gangster criminals—just those unfortunate or accidental criminals. And I practiced law for 7 years. At the end of 7 years Judge McKee appointed me as a magistrate.

I want it distinctly understood that it was not a political appointment. It was an appointment that was made over the objection of the political party—the political party, incidentally, to which I have always belonged, the Democratic Party. But you can belong to a party and still not be tied up with it in an organizational way.

My position was based upon the principles of the party, as I knew it, and not because of what the particular special interests of a clubhouse were. I belonged to the Democratic Club in my district. I wasn't in it twice in the 7 years; no contact with it at all. And when my name was presented to the bar association over in Brooklyn for an approval, there was, shall we say, war. There was trouble. The bar association didn't pass upon it for some time. There was maneuvering; and finally, when my appointment came, it was made on the basis of my independence as well as my other qualifications to be a city magistrate.

Gentlemen, I sat on that bench for 5 years, and I looked over the people who came before me; generally, again, the unfortunates from the slums, the people torn with nerves, torn with doubt, with fear.

Do you know why that was, gentlemen? Because it was 1932, the depth of the depression.

There you had a situation, in 1932, that was enough to shock any person who sat, as I did, in the magistrate's court and saw those people brought in with tattered nerves, lacking hope, brought in on washline cases, arguments in homes, arguments about children, gambling cases, bookmaking cases.

The worst thing that I saw in that time was that the youngsters, again from the slums, were still without any respect for law, because you had not come out of prohibition too long at that time.

They were breaking into homes, committing burglaries, breaking into empty homes and tearing out lead pipes to sell to junkmen for a pittance, and you had throughout Brooklyn—I won't testify for the rest of New York, because I did not know the rest of New York at the time—but you had throughout Brooklyn, in all of these little news-stands, mint machines, things that youngsters could play with pennies or with a nickel. And when they committed a crime and got a few cents in their little pockets, they went straight to the machine to see if they could win money.

If you go back over the records of that time, you will find that the "one-armed bandit" type of machine, that the money machine, wasn't in New York. But you had all over New York City—Brooklyn, and I think New York City—you had the mint machines that could be played with pennies or with a nickel, and you had a wholesale rush of children—maybe over the legal age of children, maybe 16, maybe 17, maybe 18, maybe 19—but petty thievery and petty crimes were committed usually to play those machines and to see if they couldn't win something.

I will tell you something later on, gentlemen, when I became mayor, what I did about those machines. They were here in New York, when I came in, over 3,000 of them. There was constant war in the courts for years and years. The courts had shifted from one position to another with respect to technicalities of whether or not the machines were games of skill or games of chance, or could be changed to games of chance. That, gentlemen, I will explain later to you. In 1947—I think it was in February, to be exact, a year after I came into office—I will explain what I did about those machines. This, I will tell you now: You can search New York from Coney Island to Yonkers, and you will not find a pinball machine. That is one thing, thank God, that I was successful in getting legislation on and getting it approved, for the protection of those youngsters that I am talking about, from the areas from which the criminal courts have been fed for years.

Now, as a magistrate, I had these cases before me. I know when the storekeeper was locked up, the little storekeeper, the little newsstand men, I knew that he had a machine in his place, because if he didn't, all the trade would go to his neighbor who had a machine.

I knew that there was, in my opinion, a great moral loss in having these machines in those places. I knew that, and I knew that, of course, we had little bits of businessmen, from 1932 to 1937, I think it was when I left that court, I knew that it was crushing them and I also knew that they were partners with someone behind the scene.

The people who made those machines or the people who distributed those machines, they got away scot-free.

I knew that, and knew it was unfair. I knew that even if they pay the lawyer, if they pay the bondsman, still a decent little businessman was hauled into a criminal court while the smart-alec owner of that machine got away scot free.

During that time, of course, we had other things, too, brought into the magistrate's court. If you recall it, gentlemen, you will remember that you had all kinds of strikes, pickets; you had all kinds of strikes for relief; you had all kinds of rent strikes; you had masses of people, nervous people, worried people; you had all of them agitating and you had people—and no question about who they were, they were Communists—who were trying to lead the disturbed people into more and more agitation.

The police were following routine. The police were locking them up. The police were charging them with disorderly conduct. It was nothing at all to back up a patrol wagon to a picket line and take as many off that picket line as they could and charge them with making noise, shouting, a whole subterfuge. Sometimes the labor people complained that the police were in league with the employer. But I, as a magistrate, found them before me, youngsters, men, boys, and girls, sometimes a little older, but for the most boys and girls working,

in the case of an industrial strike, for the most part youngsters working for a pittance, trying to get through a week with what they got.

I am sorry to say that the magistrates of the courts at that time played right into the hands of the agitator leaders, in this way: I don't think they meant it or intended it, but they, too, followed a routine. They didn't stop to think of this. They would hold, just as a matter of course, these little pickets, hold them in bail.

Gentlemen, holding them in bail meant a certain amount of money had to be paid, usually for a bond, a bail bond. The lowest would be about \$25, if you got a professional bondsmen. And the union was supposed to supply that money. Well, now, how could you possibly do anything that would break a strike more than get in the union three and four times a day, sometimes for weeks at a time, to bail out for a little offense of that kind; an alleged offense, to bail them out at a cost of \$25?

I saw that thing playing right into the hands of Communist leaders, playing into the hands of other labor leaders, too, but the one I was afraid of was the Communist leaders.

More than that, when they left the courtroom, no matter what happened to them, the screaming in the clubrooms, on the street-corner meetings, again brought down every piece of official cruelty or lack of understanding, brought the law further into disrespect.

As a matter of fact, it made, between the citizen and the court, it made the court an enemy, someone to be afraid of, someone to scold, someone for which there should be a lack of confidence.

My handling of that at that time was this, gentlemen: that you can search the records in thousands of these cases, and you will find that the philosophy expressed by me at the time was this:

That that was not good, decent handling of this kind of unrest; that I wouldn't go along with it.

As a matter of fact, when these disorderly conduct cases which were, in my opinion, not disorderly cases at all—they were subterfuges to do some other purpose—I took the position that a criminal court was not the place to settle a social thing that belonged in the legislature.

Later on, the Senate of the United States, in its judgment, took the matter under advisement, and we had the Wagner Act which gave some relief, some help.

But in the meantime, after 5 years, there never was, in any one of these cases, a 5-cent piece ever paid to a bondsman, professional or otherwise, because I made it in such a way that they wouldn't have to do that.

And never once, never once in the 5 years, did the defendant fail to come back and stand trial. Never once.

The CHAIRMAN. Mr. Ambassador, I don't want to rush you, I want you to take your time. But on the other hand, we don't want your voice to wear out; and, of course, we only have a limited time in New York.

As soon as you can, conveniently, after going through these other matters, I think it might be well to get down to more details about the organized crime condition in this section and in other sections, that you have information about; and also matters that have been brought out here and in other places by this committee.

But you go on in your own way. On these background matters, I hope that you will make them just a little bit briefer, if you can.

Mr. O'DWYER. All right, sir, I will try to do that.

I have up to the present time tried to impress upon this committee that this organized crime situation that you have run into has a relationship to one thing, and that is, the respect for law of the people. That is my principal thought in showing you that there have been disturbances all the way from the beginning of prohibition, which would be about the twenties, and all the way through the area, say, 1932 down to about 1937-38; that you had many factors that were going on which created or laid a groundwork for the very things that this committee has found.

The CHAIRMAN. Yes; and I am glad that you have mentioned housing and playgrounds, schools and the church, and many of those things undoubtedly are of the utmost importance.

Mr. O'DWYER. Yes, sir. As a matter of fact, while I was a magistrate I was assigned as one of four judges to an experiment to see what we could do with those children that were getting into trouble so often. And we did. We set up a court for boys between the ages of 16 and 19 over in Brooklyn. That court is going today precisely as we set it up back in 1935, gentlemen.

In the beginning we ourselves took all kinds of chances with the law. We saw those thousands of boys in that age group brought in for these very little petty thieveries that I spoke to you about. We took the parents, because they in the last analysis are the best probation officers—we took them into our chambers in the court. We talked to them in the interests of the youngsters. We made arrangements with them. We didn't have probation officers to go out and cover these thousands of children, and we elicited and got the help of every single religious group in Brooklyn, making up all the help that they could give us—the Jewish Board of Guardians, the Protestant Big Brotherhood, the Catholic Church. All of them gave us men and women, and they themselves undertook to help us.

I wish, if it were possible, that you gentlemen would send for the record of that experiment that I had the honor to set up—one of the four that were set up. I would like to show you what was done to prevent those little fellows, children from the slum areas, getting fingerprint records while they were still in their teens, destroying their whole lives—and worse than that, throwing them into contact in prisons with harder offenders.

I merely bring this up, gentlemen, to show you there is a record in this city of trying to cope with building a wall between the children of our slum areas, whether that wall is housing, playgrounds, the youth board that I had the honor to set up in this city, the PAL of the police department, which is doing a great job—whether it's that or whether it's taking them right in the adolescents' court and steering them off in the other way under proper guidance, under better supervision in their homes, under better supervision by the church to which they are affiliated. I merely show that for that purpose.

Now I will come to the phase of my living in 1937, in December, when I was appointed to the highest criminal court in Brooklyn by Governor Lehman, appointed as a county court judge, in December 1937.

When I got in there, of course, that did not leave too much room for social treatment. The crimes were too heavy. But you ran into conditions that needed help.

I will give you one of them. It was nothing at all in those days for hangers-on around the courts, when a boy or a man was convicted, to have somebody go and see people and say, "I know the judge, and for \$25 or \$50, I will see that he gets a break in his sentence."

I knew that from general talk. I knew a lot of people that I felt were doing that.

I made it a rule, when I got there, that when a man was to be sentenced, after pleading guilty before me, that every Friday afternoon—and I announced it at the beginning—every Friday afternoon I had those people come in and sit down with me, before the sentence, when the probation report was completed, and I gave them an opportunity to bring the politicians, bring the priest, bring the rabbi or the minister—bring in anyone they wanted—provided they could tell me something about the boy or the man that could help me arrive at a decent judgment.

Then I made only one condition, and that was that it would be in open court.

At the end of the first year, I was nominated for a full term of 14 years.

I understand you had Charlie Lipsky in here. I hope you got as much fun out of Charlie Lipsky in his appearance here as I have gotten from him since this time that I am beginning to talk about.

Charlie is a Republican, and he felt very keenly about being a Republican. There were several others, too. There was the late Louis Hamburg.

Well, something happened, when I was nominated for the county court on the Democratic ticket. There was a plan. The Republicans and the American Labor Party nominated a man named Louis Waldman, who was on the American Party.

I don't think for half a minute that Charlie would get a bit excited, or any of the other Republicans over there would get a bit excited, if they nominated a Republican and the American Labor Party went along. But they got very excited because here, on the Republican ticket, was a man who was a member of the American Labor Party.

Now, all of this, gentlemen, is politics, and I don't think you are strangers to the subject.

Then they ran Harold Turk, a Republican leader in Brooklyn, against Mr. Waldman in the primaries, and Harold Turk beat him.

I do not mind telling you that I was very happy at that result, but I also do not mind telling you that it was entirely a Republican job, and not a Democratic job.

I was elected.

Now, at that time—and I hope you can keep this in mind, I hope I can make this clear enough for you so that you can remember it—there was a good deal of trouble in the district attorney's office in Brooklyn, before I ran, so much so, that Col. John Harlan Amen was assigned as a special attorney general to take over a study of the rackets in Brooklyn, including gambling.

He took over many of them and did an excellent job. He would be there, I think, a full year before I was elected district attorney,

perhaps more than a year, but he would be there about a year when I was elected district attorney, and the late Mayor LaGuardia asked me, in city hall, "Now, you are elected district attorney, you ought to get Amen off my back because I have to dig up all that money for him," and my answer to the late Fiorello LaGuardia was, "No; I will not request that he be taken out of Brooklyn. I would ask for nothing better than to have him stay there and continue what he is doing. The need for bringing him there was great. That need for bringing him there hasn't diminished. I will have enough to do in Brooklyn to take care of the district attorney's office, with the small, meager staff and appropriation that I have gotten, and I want him to stay there and do the best job he could."

Do you know, gentlemen, that John Harlan Amen, he remained in that office as district attorney until the 1st of June 1942, when I went in the Army. That was about 21½ years. John Harlan Amen was still continuing his rackets investigation when I left it, and didn't make out his report, as far as I can remember, until December of that year, when he went in the Army.

So that while this period that I am talking to you about now when I was there as district attorney and John Harlan Amen was there in Brooklyn on a special assignment from Governor Lehman and continued. He was there a year before I became district attorney. He was there all the time that I was district attorney, and he was still there after I left in June 1942, to go in the Army.

Now I am getting down to your subject, Senator, organized crime. I had no notion on January 1, 1940, that there was organized crime all over the country. I didn't know any more than anyone else knew. But I did look at the murder records and, as I recall it, the number of murders in Brooklyn that were not solved by police was astonishing. I won't pretend to remember the number, but I think in a year or two there would be about 20.

Now, that, of course, couldn't go on. In a certain part of Brooklyn you had—in fact, nearly every part of Brooklyn—there were little groups, little gangs, small in number, perhaps, but frightfully active between extortions from storekeepers, throwing banquet tickets in in huge numbers and demanding to get paid for them, for banquets that in many cases never took place; the extortions from pool parlors and legitimate businesses, licensed businesses, extortions, because if they didn't get what they wanted they just went in with a razor blade and cut the felt of a pool table.

There were other businesses where they threw stink bombs and did a thousand and one things. And more than that, where they committed assaults, and in one or two cases, I think, murder.

Now, the papers were full of it. If you look at the newspapers of that day, you will find that Reles, Strauss—I don't remember the names too clearly at the present time; a mass of them—brought in, arrested, with big fanfare, before magistrates' court, charged with disorderly conduct. Nothing more.

Nothing at all; if you made the bail at \$1,000, they put their hands in their pockets, peeled over \$1,000, put it right on the desk, and walked out.

This thing had been going on for years. They were well dressed, automobiles, in and out, and completely indifferent of what the law was.

That you could get from the papers.

So that I recognized that one of the things I had to do was to get into that thing and clean it up. It had been going along for 10 years.

As a matter of fact, I will go back to what I started out with, Senators.

Here was a situation where they were in their thirties then, and maybe 35. Some of them might be as old as 40. These were the boys that came down from the little gang of gunmen that were recruited around the slum areas in that section, recruited, armed, and assigned to protect the trucks loaded with liquor.

You had a direct tie up. It wasn't 10 years before since you had prohibition. And here are the little gangs that were pulled in and used for that purpose. And now they were blossoming forth into something else, which we did not know at that time; I didn't know.

Now, I would take too long, Senator, if I go into the entire history of what happened in the first 3 or 4 months when I was district attorney in Brooklyn. I would like to give it to you, and I would like to tell the people who are listening in, and looking in, the full story of what was later termed "Murder Inc." But it is going to take a long time.

The CHAIRMAN. Suppose you just hit the highlights, then; high places, Mr. O'Dwyer.

MR. O'DWYER. Yes. I would like to tell you 3 or 4 points that would give more or less the pattern of what we found.

For instance, we first went out to find out—you get a letter, we did get a letter from somebody. I think the letter was from someone in prison. We brought him over, and he involved in murder a youngster by the name of Maffetori. We brought Maffetori in. It took a long time to break him down, to get him to open up. But he finally involved a youngster by the name of Levine.

Now all we could get from them was that they were sent out by some older members of the gang to get, to steal cars and cars that were later to be used in the commission of murder.

With that beginning, and a list of names that they gave us of these upper figures in the gang out there, we just took in the gang, and we separated them as far as we could in the city prisons.

Now, the minute that gang got into prison they recognized, very quickly, that the law protected them; believe it or not.

They took the position, they knew it so well, that in this State you cannot convict any person of a crime on the unsupported testimony of a coconspirator.

Gentlemen, I would like you to remember that, because that's a principle of law in this State; that gave us a lot of trouble. That's a principle of law in this State that led Anastasia to get away.

Believe me, if we could have convicted anyone of those people on the unsupported testimony of coconspirators, we would have been able to send every one of them—certainly indict them.

Of course, I wouldn't suggest that an indictment—

Senator TOBEY. Let me interrupt you just a minute there, Mr. Mayor. I am calling you "Mr. Mayor" by force of habit.

MR. O'DWYER. That's all right.

Senator TOBEY. Referring to the Anastasia case, is it not a fact that you made comment at about that time that the police had a perfect case of murder in the first degree against Mr. Anastasia?

Mr. O'DWYER. For indictment.

Senator TOBEY. For indictment?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. Why would you say that if you knew you didn't have evidence to give two witnesses?

Mr. O'DWYER. I will come to that, but I will answer the question now.

Senator TOBEY. I wish you would.

Mr. O'DWYER. I had the witness, but I didn't have Anastasia.

Senator TOBEY. What was the other witness? Reles?

Mr. O'DWYER. Oh, I had more than Reles.

Senator TOBEY. Was Reles an important witness?

Mr. O'DWYER. Reles was the one witness who was not involved in the crime.

Senator TOBEY. But he did know about it, in your judgment?

Mr. O'DWYER. Of course, I depended on Reles as the independent proof.

Senator TOBEY. And that's why he was locked up in the hotel, to hold him; was that it?

Mr. O'DWYER. Not for that one case alone; but that is why he was in the hotel.

Senator TOBEY. And are you familiar with the facts about his death?

Mr. O'DWYER. I am.

Senator TOBEY. And what is your version of it?

Mr. O'DWYER. That he tried to escape.

Senator TOBEY. That he tried to escape?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. Then your testimony contravenes the testimony of Mr. Bals, who was before us the other day, whose thesis now is that he didn't try to escape; that he rigged together the sheet and the wire and let himself out the window with the intention of climbing in the floor below and coming up and tapping on the door and saying, "Peek-a-boo, I'm back again"—you knew that, didn't you?

Mr. O'DWYER. Why, how could anyone tell what was in Reles' mind, sir?

Senator TOBEY. That's what we want to know. Of course, it's ridiculous.

Mr. O'DWYER. I couldn't tell what was in his mind. All I know was that there was the rope and there was the sheet, and there was the window underneath which he could reach, and it slipped and he fell and was killed; that what he was trying to do will never be known.

Senator TOBEY. You know Bals, don't you?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. And you appointed him, didn't you?

Mr. O'DWYER. I did, indeed.

Senator TOBEY. Wasn't he a flat tire?

Mr. O'DWYER. Why, Senator, let me tell you something about Bals, since you bring up the question.

Ten years of murder under the eyes of the police, when I went in as district attorney and after that, was the condition, and I had to have police to begin with, didn't I? And I had to have a man in

charge of them that I knew was reasonably intelligent, a hard worker; but more than anything else, who would be loyal to the investigation and to me and not loyal to any police that might be tied up.

Senator, we were looking for a man named Little Farvel. Little Farvel was a narcotic. He was sought by the Federal Government and was afterward convicted by the Federal Government. I think he got 10 years for dealing in narcotics—a man who had grown up with this whole era, a gunman, and ruthless with a gun.

The night came when Bals and his detectives working in the office—and this was maybe 2 years after the time I took over—Frank Bals dug up an informant who told him that Little Farvel was asleep in a room. He had come back to Brooklyn disguised with a mustache, and all that goes with it; and that he was asleep in a room, in a furnished room, a few doors away from a police station in Brooklyn.

The Federal people were looking for him. The Federal people were notified. The Federal people came about 2 o'clock in the morning to the district attorney's office. The Federal people and Bals and a half dozen of our detectives went up to this furnished room, with its key, knowing that this narcotic dealer, Little Farvel, was asleep inside, escaping for his life, and knowing that he was armed. They knew all of these things, and this was 2 or 3 o'clock in the morning. Who was it that put the key in the door, opened it in the dark, threw his flashlight, with his left hand, on the bed and drew his gun and woke up Little Farvel? Frank Bals. And there is more to this—

Senator TOBEY. What has that got to do with what I am asking you? If you are trying to build up a case for Bals before this committee, you will have a very hard time doing it. Bals made a spectacle of himself before the committee, and he gave the flimsiest excuse possible about the death of Reles, and I am thankful that District Attorney McDonald's office is going to make a further investigation into that.

But don't try to build up Bals to this committee as a man of stature or as a detective or police sergeant, because nothing was more ludicrous than this same Bals before this committee.

Mr. O'DWYER. I am giving the Senators an instance of his courage.

Senator TOBEY. He told us what a devil of a fellow he was himself, all on the record.

Mr. O'DWYER. Senator—

The CHAIRMAN. Mr. Ambassador, we don't want to get off too much on the side issues until you have completed your main thesis; but if you want to go into anything further on Bals—

Mr. O'DWYER. No, but I was asked a question by Senator Tobey, and Senator Tobey asked me my opinion. I expressed my opinion, and I regret that I disagree completely with the expressions of Senator Tobey that Bals was not a courageous man.

Senator TOBEY. I never said that. I said he was a flat tire. I still say so—awfully flat.

Mr. O'DWYER. Of course—

The CHAIRMAN. Mr. Ambassador, in fairness, of course, we don't know all of his life history, but Mr. Bals did not make much of an impression on this committee, I would say.

Mr. O'DWYER. Senator, I might add that Mr. Bals was a policeman and his whole training was as a policeman, and in weighing his testi-

mony in an isolated instance, especially with an attitude such as Senator Tobey has expressed, where he comes to judgment before he hears all of the evidence, where there is an obvious bias in the Senator's mind against him, I would say at this time that I ought to have an opportunity of a respectful hearing, Senator, on the things that I know; and there might be times, knowing more about the situation than the Senator, that I might be permitted to express my opinion of him in one case.

The CHAIRMAN. Mr. O'Dwyer, you need not get excited. You will have plenty of time to express your mind and this committee has leaned over backward, and Senator Tobey has, to not have bias against anybody. We only go by the testimony that is brought before the committee. It was not only in connection with the Reles escape and the fact that he was lost as a witness, but other matters, such as the lack of reports or the lack of work, or effective work, that Mr. Bals rather readily admitted to after that time, that brought the committee to the conclusion that he was not what you would call one of the most effective policemen, police officers.

Mr. O'DWYER. It is a question, Senator, of what you wanted from him.

The CHAIRMAN. Anyway, say what you wish about Mr. Bals, Mr. O'Dwyer, and then let us get on with the organized crime matters about which you are familiar.

Mr. O'DWYER. I am not suggesting that Bals was the greatest policeman that ever lived, even in police work, but I am suggesting that he had certain qualities, he had courage, and I gave an instance of where he had courage. And the Senators should thank God that they didn't have to go into that room, as he did, at the dead of night, single-handed, and I am just pointing that out, that the man had courage. As far as I know, he was loyal to the investigation and to me.

Mr. HALLEY. Mr. O'Dwyer, I did promise you personally that I would not ask any questions during your statement, but before you leave Mr. Bals I think perhaps you would want to have before you some of your testimony before the grand jury in 1945.

Mr. O'DWYER. Yes.

Mr. HALLEY. At the very end, discussing where the responsibility, if any, should be, you said this—

Mr. O'DWYER. For what?

Mr. HALLEY. The responsibility for the failure to prosecute certain cases.

Mr. O'DWYER. What cases?

Mr. HALLEY. Well, let me read you what you said and maybe you can tell us what you are talking about. I will just read your words:

Now, why should there be any question as to who should have gone to work on this after June 1?

That, of course, would be June 1, 1942, when you went into the Army; is that right?

Mr. O'DWYER. Yes, yes.

Mr. HALLEY (reading):

There was a fully equipped office. Every man that had worked with me remained behind at his station. Why was it that the day I left nothing further was done? Certainly that responsibility wasn't mine. Captain Bals remained behind for 6 or 7 months in a nice, soft job, and got \$5,000 a year as chief investigator, and he gave it right up and walked out and left the office. Did you ask him why he did that?

I brought that up in connection with your statement that he had been loyal to the investigation and thought that it might refresh your recollection on your views back in 1945.

Mr. O'Dwyer. Yes. It doesn't change the picture one bit. He was loyal to the investigation while I was there, and I was talking about matters within my own knowledge.

Now, when I left there and went in the Army, I couldn't talk of matters within my knowledge affecting that office. How do I know what instructions he got after I left? How do I know what moves were made after I left? That, Mr. Halley, is pretty much what I will say now, no change.

But besides, I am not here to defend Bals. I didn't come to do that, and I wouldn't have gone into it at all except perhaps slightly if the Senator had not asked me the questions.

Now, may I proceed, sir?

The CHAIRMAN. Yes, sir.

Mr. O'Dwyer. Now, I would like to compose myself for a moment. This colloquy has shifted the train of my thinking for a moment. May I do that?

Senator HUNT. Mr. Chairman, we have listened to Mr. Ambassador O'Dwyer now for a little over an hour. I suggest a 3- or 4-minute recess.

Mr. O'Dwyer. Thank you, sir.

The CHAIRMAN. The committee will stand in recess for 10 minutes. (A 10-minute recess was taken.)

The CHAIRMAN. The meeting will come to order. Let everyone have their seats who can find seats.

Will someone notify Mr. O'Dwyer.

All right, Mr. Ambassador.

Mr. O'Dwyer. Yes, sir.

Now, we were speaking about the early days of 1940, and we were talking about a number of young fellows that we found who were used by somebody else in the background to steal cars for the purpose of murder. That we found.

We also found from them the identity of a great number of these top-flight people, and we immediately arrested everyone we could place our hands on.

Now, at that time we recognized that there was some form of organization; that there were very, very low levels of organization, medium levels of organization, and high levels of organization.

We finally got an indictment, as I recall it, for the stealing of a car which was done for Reles, and possibly a man named Happy Maione.

Reles and Maione may or may not have been in custody at that time, but I think they were not. They were immediately after placed under arrest, and we separated them by as many prisons as we could.

Now, later on we picked up a man named Catalano. Catalano was just a chauffeur, and possibly aided in the stealing of cars.

And it was then we found that we had two men in the Tombs prison over here, Reles and Maione. Then we found that they were familiar with the law of our State. We found that they joined in the Tombs a religious organization that would get them from their various cells—one was on the top floor, and the other was down below—that would get them once in a while from their cells to church services; and they

selected the one that had the most singing of hymns. So while the hymns were being sung, they could talk.

They said, among themselves, that now that they were getting indicted for ordering the stealing of the car, receiving the car, that car was used in the murder of a man named George Rudnick, and they said that there was only one man who could possibly know of that murder, be present at it, who was not a participant in it. And they said that if they had that one man out of the way, it didn't matter whether or not there was any evidence by coconspirators, because they knew that on the unsubstantiated, unconfirmed statement of a coconspirator, you could not be convicted of a crime in this State.

The one man was a man named Joe the Baker—I forget his real name. And they absolutely planned in the jail to send for Catalano and have Catalano execute Joe the Baker, or to have him arrange for someone else to do it.

So we got Joe the Baker up in Yonkers, to hide him. We brought him in before anything could happen. And we also got a man named Allie Tannenbaum, who was very close to Lepke, very close to the crowd, very close to a man named Mendy Weiss.

We also got in a man—I forget just the sequence of this—a man named Scholom Bernstein, who was on his way somewhere from the coast to here.

One night, Mrs. Reles came to me—and I think it was about this time of the year—it might have been earlier, but it was wintertime. She was in the office for questioning, and she came to me; and I gathered the impression that she was willing to talk. She was over in the Tombs. And she went over to see him in the Tombs. I got permission for her to see him.

We brought Reles back to my office sometime around 2 or 3 o'clock in the morning.

Now we were beginning to reach the higher echelons of the organization—certainly, not the top, but higher than Mafatori and Levine.

Reles said, "Are you sure you know what you're doing?"

I said, "Why? Why do you ask?"

He said, "This is the biggest thing in the whole United States—the most powerful thing. You'll never get anywhere with it, and you can expect to be hurt if you do. Now I am warning you. I am prepared to talk. I just want to know what promise I get."

It was snowing outside. It was around 3 o'clock in the morning, I think.

I said, "I'll promise to deal fairly with you if you fully cooperate; but I know you fellows, and there's one thing that I want to insist upon. I want the truth. I don't want you to use this office against any enemies of yours. I want just the truth, but I want all of it. And if I find that you are lying, then you will be the first one prosecuted for murder—if I find that you're lying, if I have a case on it, and you know that I will have a case on you if I haven't got it now."

I said, "I just want the truth because this is serious. It involves human life. It's also serious because it involves law enforcement, because this kind of thing can't go on. I won't let it go on." I said, "On those terms are you willing to talk?"

Reles said he was.

We made arrangements and took Reles, put him in a hotel where we kept the other witnesses. Then, as was the case, it took quite a

little while before their nerves settled down, when they began to open up and talk. Took quite a little while before their nerves settled down to a point where you could get the stories. Also, when they did begin to talk, and that is true of Reles, too, it took a long time to get them to give straight stories, to get them to stick to one particular case, because they had had such a long experience in murder cases, in gang-work—not only in murder, but assaults.

Now, we found a lot of things when they did begin to talk. First of all, we found that the organization was clear-cut; it was well organized. We found that they had exactly what I spoke to you about in the beginning, that they had an organization set up in such a way that there were jurisdictions of various enterprises among them allocated to certain people. We also found that there was a judicial set-up, known as a kangaroo court; that there were trials, usually in restaurants, late at night. We found that the general subject matter of the trials would be, first of all, was there any violation of jurisdictional rules and regulations.

We also found that these meetings, or these jurisdictional—these kangaroo courts were held all over the country at various places, and we also found that the charge had to be laid and substantiated by someone assigned to that, and even though the defendant was not present, we found that one of the gangsters was assigned to defend him in his absence.

But we also found that there were certain sections of the country where they had men to carry out the orders of these kangaroo courts. There could be only one order—that was death, execution.

We found that throughout the various cities in the United States there were many sets of what were known to them as troops, under the heading of one man, and that only one person was authorized to direct the troops to execute.

We also found that the man who was assigned in this area to order the execution by the Brooklyn troops was Albert Anastasia.

Now, that was the question of the general organization. We get down to specific cases. It took considerable time to get—we had, for instance, the case, I believe his name was George Rudnick, the one that they were afraid of, in a garage out in East New York. You may remember that murder.

Then we had the case of Puggy Feinstein. Then we had a case in Nassau County. We had a case in Newark. We had a case in Los Angeles, in which the Brooklyn group were involved.

We had possibly six or seven or eight trials here in Brooklyn, but two at a time, except in one case. I think it was the case of Nitzberg—maybe two cases. The second was Lepke.

Senator TOBEY. Do you want to complete your statement, or do you mind being interrupted for questions?

Mr. O'DWYER. No, sir; go right ahead.

Senator TOBEY. The question comes to my mind: In Murder, Inc., who was the president or the chairman of the board of directors?

Mr. O'DWYER. I can only answer that on the basis of the evidence that was given to me by Reles, and he said that the term for the organization was "the combination," and that, as far as he knew, there was no chief man in charge. It was a combination, an alliance. But there was a mutual understanding, as he understood it, or as he told it to me. There was a mutual understanding by the underworld

of the various cities throughout the United States, and they sat around and agreed to things among themselves; and whatever rules were made were not made by one man, as he knew it.

Although he did mention the Mafia. But I never felt that Reles knew too much about the Mafia as such. He knew it was in there.

There was one thing about his story to me—well, does that answer the Senator's question?

Senator TOBEY. Yes. I have one other question, if you will kindly answer it, and I know you can speak with understanding of it, because you were the man officially in charge there. The question is this: Who, in your honest opinion, was the paymaster of Murder, Inc.?

Mr. O'DWYER. For the individual murders, sir?

Senator TOBEY. Yes.

Mr. O'DWYER. That was a misunderstanding early in Murder, Inc. Under the set-up, as I understood it at that time—and I have heard nothing since to change my opinion, and this is based mostly on Reles' story to me—there never was payment for a given crime; but the troops, as they called them, were generally little fellows, and they were given by the combination such jurisdiction—whether it was pinballs or whether it was houses of prostitution, or things of that kind—and I didn't find much of that, I must admit—in this section we didn't find it, but there may have been in other places—but there were certain unlawful activities whereby in neighborhoods they could collect money to keep them going.

The work, the services that they were to render for that purpose, were that whenever they were called upon to steal a car or to drive a car to a murder or to commit the actual murder, that they had to stand by; and when—in this neighborhood, when Anastasia gave the order or selected the man, they were supposed to do it.

Now, if they said at any time that they wouldn't do it, that's when the kangaroo court was brought into play.

Senator TOBEY. So there was no coin of the realm passed as a quid pro quo; but, instead, they were given facilities and rights and privileges in the crime world to cash in on themselves direct; is that right?

Mr. O'DWYER. Yes, sir, that's the way it was.

Senator TOBEY. Sort of an expense account, accounts receivable in some form of gambling or crime?

Mr. O'DWYER. Some form of crime. Always the form of crime directed by the combination, under the organization set-up.

Senator O'CONOR. Mr. O'Dwyer—

The CHAIRMAN. Senator O'Conor.

Senator O'CONOR. Might I just, at that juncture, ask you one or two questions.

It is very evident that in your opinion Anastasia was one of the highest set in command of this notorious outfit?

Mr. O'DWYER. He was entrusted with all the murders, official murders of theirs, committed by the Brooklyn group, no matter where they were committed.

Senator O'CONOR. And over what period of time were you in office after his indictment was returned?

Mr. O'DWYER. He was never indicted, sir.

Senator O'CONOR. I mean, after the action was taken, or the investigation was made.

Mr. O'DWYER. I was 2½ years in office but it could possibly have been many months less than that. But we thoroughly understand the picture.

Senator O'CONOR. The question that might possibly occur to the minds of some is, whether or not there is any explanation for the fact that proceedings were not pursued prior to your leaving the office, with the knowledge that you had against him.

Mr. O'DWYER. Yes, sir. There is a very good explanation of that, and there is a factual explanation. The facts speak for themselves.

One of the first things that happened, when this investigation broke, and the underworld knew that it was intending to go all the way, as far as it could, was that two men, Anastasia and a man named Parisi, went into hiding, and we were never able to find them.

Now, if you will remember the principle of law involved in this State where, on the unsubstantiated statement of a coconspirator, you can't possibly get a good indictment, dismiss the indictment—they did it in the Nitzberg case, after the second, or possibly the third trial. The court of appeals is very suspicious in this State of any conviction. And that goes especially for a death sentence, on the unconfirmed statement of a coconspirator.

Now, if you will realize that the higher you went, the further away from independent proof you went, and in the case of Anastasia there was never, except in one case, where we could actually get him in, with an indictment that would stand up, and that was the case of the murder of Diamond.

Now, Anastasia was out in hiding, and the codefendant in that very case was in hiding, Parisi.

There were two witnesses that were independent. One was a small boy, who was reported to me as delicate, and I think had some trouble with one eye. He was apparently sitting on a stoop, very early in the morning, when old Mr. Diamond was going to work, in the middle of the block, and Parisi shot him, killed him.

Now, the story I was told by Reles, that in this one case Reles was not a coconspirator, and the story was told by the driver of the murder car—and don't pin me down to which one that was—it was possibly Catalano, or it was possibly Tannenbaum, the record would show it—that Anastasia not only arranged the details of the crime but he had a conversation in his home in the presence of Reles, I think it was with Tannenbaum, in which he chided him for not getting busy on the Diamond case and killing him. And there was some evidence afterwards there—I am not clear on what it was—but Reles was the one and only one who was not concerned with the crime who said that Anastasia was in a car, not in the middle of the block where it happened but at the corner, some distance away.

Now, I have said that that was a perfect case.

Senator, a perfect case to me means a perfect indictment case.

Senator O'CONOR. Well, you certainly wouldn't press for an indictment with no expectation of being able to prosecute successfully, would you?

Mr. O'DWYER. I would intend to do it, but I wouldn't say what a trial jury would do. I don't think any lawyer of any experience would ever say that.

I was satisfied that if the indictment came out, that that's one part of it. The next is the trial part of it; and, of course, much more investigation between the time of trial, when you get down to prepare it——

Senator O'CONOR. Well, Mr. Ambassador, with the knowledge or the belief on your part that you had a perfect case for indictment, did you pursue steps to get the indictment?

Mr. O'DWYER. No, sir.

Senator O'CONOR. And why?

Mr. O'DWYER. Well, No. 1: It was all right to take grown-ups and throw them in as material witnesses. That you could do. Then they would have to protect themselves. In the case of this little boy, if we were to take him in, first of all, he was delicate. Secondly, the danger of these gangsters threatening his father and mother—it was in my opinion not a good thing to put this case to the grand jury until I knew that I had Anastasia and, if possible, Parisi.

Another thing: It was very important to get the two of them. Any prosecutor that says that he would prefer, where there were two men concerned in a crime, to indict one now and try him and indict another again and have all your witnesses subject to two cross-examinations just doesn't know what he is talking about. And I felt at the time, since we were very busy with the cases that we had—and believe me——

Senator O'CONOR. Well, you certainly weren't busy with anything as important as the Anastasia case, were you?

Mr. O'DWYER. Yes; I was busy with murder cases that I had.

Senator O'CONOR. But from your description of Anastasia, we had the opinion that you did consider him, of course, one of the worst criminals in America.

Mr. O'DWYER. Of course, I have said so. I have said so over and over again in the public press and before a grand jury. But while you are waiting to get him, you don't stop prosecuting other murders that are ready to proceed in your office.

Senator TOBEY. Mr. Witness, when did the Anastasia case, as to which you commented that you had a perfect case against him of murder in the first degree, when did the perfect case become an imperfect case, and how?

Mr. O'DWYER. When Reles died.

Senator TOBEY. When Reles died. And he was the only witness that you needed to confirm somebody else's testimony?

Mr. O'DWYER. The only witness that I had.

Senator TOBEY. You had——

Mr. O'DWYER. That was independent proof.

Senator TOBEY. I see. When Reles passed on, then you lost the most valuable witness you could have to get a conviction of Anastasia; is that right?

Mr. O'DWYER. That is right.

Senator TOBEY. Therefore——

Mr. O'DWYER. That didn't mean that there wasn't other evidence somewhere else around?

Senator TOBEY. Yes, I understand. But didn't your mind, or did your mind then turn upon the cause celebre and wonder who were the accessories either before or after the fact that made Reles lose his life, and on that basis, and I add, before you answer it, opinions differ as to very important witnesses, as to how Mr. Reles departed this life and why; you have one opinion, I have another, Mr. Bals had

two or three, and he expressed them at different times. But we know he is dead.

Now, therefore, wasn't that worth the greatest endeavor in the world to find out who was culpable in reducing this man Reles to a corpse so that the evidence goes out the window and you can't prosecute the arch criminal, Anastasia?

How much of a trial and hearing did you have on these fellows that had charge of Reles, these six noted policemen who are very fond of Morpheus, and so forth?

MR. O'DWYER. Senator, I know at the time what the medical examiner said. I knew what he said was the cause of death.

Senator TOBEY. What was that?

MR. O'DWYER. A fall.

Senator TOBEY. A fall. Did you see the body?

MR. O'DWYER. No, sir.

Senator TOBEY. Were there any marks on it, to your knowledge, either bullet shots or stabs in the dark?

MR. O'DWYER. Why, the medical examiner is our proof of that.

Senator TOBEY. Yes. Did anybody testify besides the medical examiner?

MR. O'DWYER. No, sir.

Senator TOBEY. I see.

MR. O'DWYER. As to that, I would say "No."

Senator TOBEY. Don't the police usually go down and look at a corpse after the medical examiner, or while he is examining it?

MR. O'DWYER. I have been 40 years in this city and I never did see the police or anyone else do anything but identify the body, and the responsibility for stating the cause of death is only on one man, and that is the medical examiner.

Senator TOBEY. So that if my body is found out here in Foley Square, all clothed, and I am taken to the morgue and the police suspect that some of these gangsters murdered Charles Tobey, then all that would happen would be the morgue would have my body, the medical examiner examine it, and certify death by such and such a thing, but no member of the police or detective squads would be there to confirm the sight of the body and whether or not palpably there was some other cause of death than merely falling out of the car; is that right?

MR. O'DWYER. I wouldn't be qualified to testify to the cause of death.

Senator TOBEY. They can qualify what the appearance of the body was.

MR. O'DWYER. Certainly, they usually do that.

Senator TOBEY. Was Reles' body photographed?

MR. O'DWYER. That I wouldn't swear to, but the homicide bureau photographs every body.

Senator TOBEY. Just suppose a case now. Just suppose a case now, and this is entirely without any prejudice to you or anybody else, just as sincere as can be, a hypothetical case. Suppose a man is killed, a most important, the key witness in the Great Murder, Inc., in modern days; and suppose that that man goes down to the morgue as a body and is examined down there; and suppose that I, Charles Tobey, was the coroner or the medical examiner in this district, or in Boston, or up in New Hampshire, went down there and examined the body, and

I returned a certificate of death with certain notations on it. If, because of the importance of Murder, Inc., and if because of the parties involved, and if because of the tremendous sensation going to come from certain disclosures, that medical examiner or coroner was reached by somebody—and that is often done, not with coroners, but in many public lives, and more about that later on—then the public never would know what the real cause of death was or what the condition of the body was, would they?

Hypothetically.

Mr. O'DWYER. Well, has that something to do with this inquiry?

Senator TOBEY. No, it is a hypothetical question.

Mr. O'DWYER. Well, I wouldn't answer a hypothetical question, because you have too many if's in it.

Senator TOBEY. Well, I think you see the point I am driving at.

Mr. O'DWYER. Oh, I certainly see the point you are driving at, Senator, and I think—

Senator TOBEY. It could be, couldn't it?

Mr. O'DWYER. Well, now, what, exactly, could be?

Senator TOBEY. This could be: that out in Oregon a man was murdered, and his body was picked up, and he was the head of a large gang of men known as Murder, Inc.,—Public Enemy No. 1, so to speak; and thereafter the body was taken to a morgue to be autopsied by the coroner or the medical examiner. No one had seen the body undressed except the coroner and the morgue attendants—

Mr. O'DWYER. How about the undertaker that embalmed him?

Senator TOBEY. All right. Put him in. Put them all together.

If this is so important, and it is going to shake the reputations of a great city and the officials of a great city or a great State, would it be possible for some of these men to be fixed so that a report would be made contrary to the facts, and give it a whitewash?

Mr. O'DWYER. You mean the medical examiner?

Senator TOBEY. Take him first; yes.

Mr. O'DWYER. In what State?

Senator TOBEY. Any State.

Mr. O'DWYER. Yes—

Senator TOBEY. If he was crooked?

Mr. O'DWYER. Possibly.

Senator TOBEY. All right, that is all I wanted to know.

Mr. HALLEY. In order to get rid right now of the specific problem of whether or not there was a murder case against Albert Anastasia, I would like to ask you a few more questions.

Mr. O'DWYER. I would like to say further on that point that it is grossly unfair to make any suggestion that there was any other cause of death except what the medical examiner said, without some proof of it.

Why, you can go along guessing and "if-ing" and "hypothetical-ing" until sundown, but I think since we are talking to 2,000,000 people, we are talking and looking at them, and we are talking over the radio to perhaps that many more, that suggestions and innuendos are unfair.

We have an official in this State who is set up to do that investigation. There isn't a murder in this State that does not start, somewhere in the early part of the proceedings, with a statement of the cause of death by the medical examiner.

It is unfair to state about the medical examiner in that case that he was fixed as the Senator says.

Senator TOBEY. I never stated that. I stated a hypothetical question. It could have been—could have been fixed—United States Senators, Congressmen, sheriffs, all the way down.

Mr. O'DWYER. That is precisely the innuendo I said is unfair.

Senator TOBEY. If that is true, and if you feel this way, go to your man Bals. He is the one fixed—

Mr. O'DWYER. My man Bals?

Senator TOBEY. Yes; you appointed him, didn't you?

Mr. O'DWYER. Of course.

Senator TOBEY. He was the head of a special squad, wasn't he?

Mr. O'DWYER. That's right.

Senator TOBEY. He didn't last long there, did he? He went out of business pretty quickly, didn't he?

Mr. O'DWYER. Are we arguing about the city management now?

Senator TOBEY. I am saying that Mr. Bals told a story different from what you told or I told. It is a different conception of the whole production.

We talked about the death of Reles. You have one story and I have another, and another man has another.

Now the complete investigation is to be made.

Mr. O'DWYER. I am prepared to talk about the facts in the case. You are talking about some dream that you have in your mind, Senator, some innuendo.

Senator TOBEY. I have no dream.

The CHAIRMAN. Mr. Ambassador, I think the important question Senator Tobey asked—and it is something we have all wondered about—is this: Apparently there were six men in the apartment or the room of Reles, and he was fully dressed at 5 o'clock in the morning, early in the morning, and he got out of the window. It is apparent, on the face of it, that these police officers weren't paying attention—

Mr. O'DWYER. They were careless, and there was no question about it.

The CHAIRMAN. But the question of Senator Tobey was, What did you do about it?

Here you had placed them in charge, or somebody had placed them in charge of your principal witness.

Mr. O'DWYER. That is—

The CHAIRMAN. They let him go. Did you have an examination—

Mr. O'DWYER. That is not exactly true. There were a certain group of men assigned to live with these men in a hotel.

The CHAIRMAN. The question is, What did you do about it? I don't want to go into a great deal of detail.

Mr. O'DWYER. I talked to the commissioner, the late Commissioner Valentine about it, and we looked over the medical examiner's report, and we were both satisfied that it narrowed down to police negligence; and that the best you could have in the case was a police trial, which was held in a trial room, and the men, as I remember it, were punished.

Senator TOBEY. What was the punishment?

Mr. HALLEY. Mr. O'Dwyer, weren't you reported in the newspapers as having appeared at that police trial to defend the policemen?

Mr. O'DWYER. Well, not to defend the particular act of carelessness, but to tell what I knew about them.

Mr. HALLEY. But didn't you make a statement that you were appearing in their defense, so that they were not culpable?

Mr. O'DWYER. I said that I was prepared to defend them for carelessness? But there is such a thing as to tell what you know about a man.

Mr. HALLEY. In this case, where they had let go out the window probably the most important murder case, certainly the most important one attached to your whole Murder, Inc., investigation——

Mr. O'DWYER. Yes.

Mr. HALLEY. Did you feel justified in publicly stating that you were going to the defense of these policemen?

Mr. O'DWYER. To testify to what I knew about them? Why not?

Mr. HALLEY. You were reported not as simply going to testify as to what you knew about them, but actually to go and say——

Mr. O'DWYER. Are you going to read newspaper reports?

Mr. HALLEY. We are going back a ways, and——

Mr. O'DWYER. I have some newspaper reports here I would like to read, if you are going to talk about——

Mr. HALLEY. What did you do? Did you not go to the departmental trial?

Mr. O'DWYER. I imagine I did. I have no distinct recollection on it. But the record will show.

Mr. HALLEY. It says here, one of the newspaper clippings:

O'Dwyer appeared as a volunteer witness on behalf of the men on trial. He stated that the four informants never showed the slightest desire to escape during their incarceration of more than a year.

Mr. O'DWYER. That is true.

Mr. HALLEY (reading):

And were definitely afraid of underworld attempts on their lives.

Mr. O'DWYER. That was true.

Mr. HALLEY (continuing):

He said they were kept at a hotel instead of a jail because they rendered important service to the State, and that in his judgment the best interests of the State had been served by keeping them in a place where they would not come in contact with the other underworld characters.

Mr. O'DWYER. That's right.

Mr. HALLEY. And then, did you not, shortly thereafter—well, it wasn't shortly thereafter, but 4 years thereafter—take their boss and make him seventh deputy police commissioner?

Mr. O'DWYER. Yes.

Mr. HALLEY. Now, turning back——

Mr. O'DWYER. Yes; I did.

Mr. HALLEY. Because I did think that before we passed the murder of Moish Diamond we ought to get it cleared up. I think you explained that there were two reasons why you did not seek an indictment at the time when you could.

Mr. O'DWYER. That's right.

Mr. HALLEY. The first being that there was a young boy?

Mr. O'DWYER. Yes.

Mr. HALLEY. And that, as long as you didn't have your hands on Anastasia, you felt you should not jeopardize the young boy by exposing him?

Mr. O'DWYER. Anastasia or Parisi?

Mr. HALLEY. Well, could you not have gotten an indictment without using the testimony of the young boy at all?

Mr. O'DWYER. It wouldn't be good, as far as Parisi was concerned.

Mr. HALLEY. How about Anastasia? He was the fourth; wasn't he?

Mr. O'DWYER. We could have gotten an indictment; yes.

Mr. HALLEY. You had the testimony of Julie Catalano; is that right?

Mr. O'DWYER. Yes.

Mr. HALLEY. So that, with those two testifying, you could have gone in and gotten an indictment?

Mr. O'DWYER. That's right.

Mr. HALLEY. And the boy would not have been jeopardized in any way?

Mr. O'DWYER. Well, you would have to have him for the Parisi case.

Mr. HALLEY. But if you were just trying to get Anastasia, to get what you could—

Mr. O'DWYER. I wouldn't suggest that as good practice.

Mr. HALLEY. Well, at the moment, I will not comment on the judgment but simply on the facts.

Mr. O'DWYER. It's possible, and you could do it; but I wouldn't recommend it.

Mr. HALLEY. And you could have done it without jeopardizing the young man or the boy by exposing him in the least?

Mr. O'DWYER. Well, you would have to show that the man was killed.

Mr. HALLEY. Well, Catalano—is that how you pronounce his name?

Mr. O'DWYER. Yes, Catalano.

Mr. HALLEY. Certainly could testify. He was in the car.

Mr. O'DWYER. I think, Mr. Halley, it was possible to identify—possible to get an indictment against Anastasia at that time, if we wanted to separate him from Parisi. But—

Mr. HALLEY. And, of course, he was the top man?

Mr. O'DWYER. Yes; but I didn't expect Reles' death.

Mr. HALLEY. You left the office in June of 1942?

Mr. O'DWYER. That's right. I went in the Army June 1, 1942.

Mr. HALLEY. Reles went out the window in about 1941.

Mr. O'DWYER. Around November.

Mr. HALLEY. And there was quite a period of time in which you had the testimony and could have proceeded, at least to put on ice an indictment against Anastasia.

Mr. O'DWYER. You can do that now, but it won't stand up.

Mr. HALLEY. Is Catalano still available as a witness?

Mr. O'DWYER. Certainly. He testified against Parisi last year here in Brooklyn in the same case. Parisi came in, was tried. The boy testified, and the case was dismissed.

Mr. HALLEY. Why shouldn't that stand up?

Mr. O'DWYER. Well, if you are going to ask me on that, I will have to see the record of the trial, and I will have to see what the reason for the judge was.

Mr. HALLEY. What happened to Mendy Weiss?

Mr. O'DWYER. Mendy Weiss was executed.

Mr. HALLEY. Was any attempt made to get his testimony before he was executed?

Mr. O'DWYER. You mean after his trial and conviction?

Mr. HALLEY. Yes.

Mr. O'DWYER. I don't recall that there was.

Mr. HALLEY. Now, then, there was a man named Romeo, who I think would have been a witness against Parisi; is that right?

Mr. O'DWYER. I don't recall now. This is 11 years ago. I would have to see the record.

Mr. HALLEY. Well, of course, that's the point. Past a certain point we just get into a dispute of what happened 11 years ago. But, looking back at it, don't you think that the grand jury that turned down two presentments in October and December of 1945 had at least some facts on which that at that time was a proper conclusion?

Mr. O'DWYER. Yes; two presentments that were dismissed by Judge Taylor of that court.

Mr. HALLEY. On what grounds? They were dismissed on a highly technical ground.

Mr. O'DWYER. Well, I think it was obvious from the first presentment that Judge Taylor thought it was used for political purposes, made of whole cloth.

Mr. HALLEY. Well, the second presentment came after election; did it not?

Mr. O'DWYER. That's right.

Mr. HALLEY. December 20, I believe.

Mr. O'DWYER. There had to be some justification of the first one.

Mr. HALLEY. No. The second could stand on its own; could it not?

Mr. O'DWYER. It didn't.

Mr. HALLEY. Why not?

Mr. O'DWYER. Judge Taylor said why.

Mr. HALLEY. Well, one judge said—did he not?—that the presentment should be expunged from the record simply because it recited certain grand-jury testimony, and he said a presentment should never recite grand-jury testimony.

Mr. O'DWYER. And he also said that the presentment, the two presentments, in talking about them—and I think he dismissed them both at the same time—he said the first one was purely political. It was released a few days before the election of that year, in which the district attorney was a candidate for district attorney and I was a candidate for mayor.

Senator O'CONOR. Mr. Halley, before you leave that, could I ask just one question there?

Mr. HALLEY. Yes.

Senator O'CONOR. Mr. Ambassador, under the practice the "Police wanted" cards of course on matters are of quite some importance, are they not?

Mr. O'DWYER. Well, it's a notification to the police department to pick up a given man.

Senator O'CONOR. Yes. Now, in the Romeo case as well as for Anastasia and Parisi, had you heard that the "Police wanted" cards were removed from the file?

Mr. O'DWYER. Three years later, when I came back from the war.

Senator O'CONOR. Yes. Under the circumstances, and in view of the great importance of the matter, would you think there would have been any justification for removal?

Mr. O'DWYER. Well, at the time there was some question of whether or not—certainly on a murder case in May of 1942 there wasn't any reason for arresting Anastasia at that time, other than on general principles. If I had him, he would go in; but he would possibly take a writ of habeas corpus and go out again or go out under bail.

I certainly couldn't hold him for more than 48 hours in the magistrate's court on what is known as a short affidavit, unless I was prepared to present him before the grand jury and get an indictment. So that in May or June, whenever it was, 1942, when that "Wanted" card was lifted, I think it was academic. It wasn't too important, except the satisfaction you get for locking him up.

Now, there were cases in the office that not as serious as the murder cases, cases that had to do with racketeering on the water front, in which unfortunately he was involved. I don't think those cases were in anything like enough condition to present them before the grand jury. But there was enough there to investigate them and, Senator, there was plenty of time, while I was in the Army, to investigate them.

Senator O'CONOR. Of course, you did previously say that you had enough on which to indict them.

Mr. O'DWYER. At one time.

Senator O'CONOR. At one time. Now, confining, if—

Mr. O'DWYER. And I have explained why I didn't do it.

Senator O'CONOR. Confining our attention just to that case, if it be shown that George Moran had anything to do with the removal of the "Wanted cards," do you think he would have been justified in doing so?

Mr. O'DWYER. I don't think the lifting of cards made a bit of difference as far as the murder case was concerned at that time, and I want to please explain to this committee that there is no such thing as a statute of limitations for murder in this State, and that all of these years that have gone by, successive district attorneys, if there is any way today of getting a murder case against Anastasia, or that particular murder case, the passage of time hasn't made any difference.

Mr. HALLEY. Well, Mr. O'Dwyer, doesn't the passage of time make the testimony stale and a conviction much more difficult to obtain, as you just explained in the Parisi case, which was recently tried?

Mr. O'DWYER. Now, Mr. Halley, you are injecting something into my statement, something that I didn't put in.

Mr. HALLEY. I thought we were talking about the passage of time.

Mr. O'DWYER. I merely say that the passage of time does not prevent the prosecution.

Mr. HALLEY. Well, let us add the word "successful."

Mr. O'DWYER. No; I will not "let us add" anything to what I said. It is strictly a legal statement I am making.

Mr. HALLEY. Well, of course, there is no point in prosecution if then, as just happened, you point out that when they do finally prosecute, a conviction cannot be obtained. The inference is clear that a conviction cannot be obtained in a stale, 8-year-old case.

Mr. O'DWYER. I certainly would not—8-years-old?

Mr. HALLEY. It is now 11.

Mr. O'DWYER. Eleven since I got it.

Mr. HALLEY. Well, 11.

Mr. O'DWYER. But it didn't happen then, it happened before that.

Mr. HALLEY. Now, if the——

Mr. O'DWYER. And furthermore—now, may I present this? I think there is a little confusion, Mr. Halley. I know you don't intend it.

Mr. HALLEY. Well, would you like to finish your own statement?

Mr. O'DWYER. No; I finished my statement on that. I said that the passage of time does not prevent anyone from being prosecuted for a murder case in this State. There is no such thing as a statute of limitations. I am not talking about today, Mr. Halley; I am talking about the day I went into the Army.

Mr. HALLEY. But turning from the legal proposition to the practical proposition, would you not agree that the passage of time very seriously affects the chance of success?

Mr. O'DWYER. Mr. Halley, a lot of things can happen with the passage of time. What I am pointing out to you is that when I left in 1942 we were still prosecuting; I think, Lepke was the last case convicted and was still under appeal. When I left in 1942, everyone that was concerned in the investigation of these crimes remained in that office.

Now, just as politics will always get an edge, if they can, the use that was made of this investigation was to indicate that I had failed to make the investigation even when I was in the Army.

Mr. HALLEY. Assuming that when you were in the Army you had no control over the situation——

Mr. O'DWYER. I had none whatsoever.

Mr. HALLEY. Assuming that for the moment, wouldn't it still be the fact that you left as chief investigator one Captain Bals?

Mr. O'DWYER. That's right, who could be removed in 5 minutes by my successor.

Mr. HALLEY. And that, in fact, you told the grand jury that they ought to find out why he didn't do anything?

Mr. O'DWYER. Well, I didn't say that.

Mr. HALLEY. Well, I think you did.

Mr. O'DWYER. Read it again. Let's not have any quibbling about that.

Mr. HALLEY. No; let's not quibble.

Mr. O'DWYER. Because a chief inspector is instructed to do what his superior officer tells him, and if he was not directed to do it by his superior officer, Mr. Halley, that certainly is not Bals' fault.

Mr. HALLEY. Well, let's see. You made two statements about Bals. One of them was this:

From that point on, I have been trying to find out whose responsibility it was. You have testified repeatedly that you went in the Army and left it there.

Answer——

by yourself——

Yes, yes.

Question. And you assumed that he would do it?

Mr. O'DWYER. Who?

Mr. HALLEY. Meaning your successor, I presume.

Mr. O'DWYER. Well, let's get that clear, my successor.

Mr. HALLEY. But then your answer was:

Just ask Frank Bals why he left his soft berth 6 months after I left.

Mr. O'DWYER. Just ask what?

Mr. HALLEY (repeating):

Just ask Frank Bals why he left his soft berth 6 months after I left.

Mr. O'DWYER. That's right.

Mr. HALLEY. And then another point——

Mr. O'DWYER. Why did he leave?

Mr. HALLEY. I don't know.

Mr. O'DWYER. I can tell you why he told me he left. I asked him why he left, and he said, "Because they were doing nothing."

Mr. HALLEY. Who was the chief investigator?

Mr. O'DWYER. He was.

Mr. HALLEY. Wasn't it his duty to get out and do something?

Mr. O'DWYER. He had a boss, Mr. Halley, just like you are the boss. And just as you tell your investigators where to go and what to do; he had a boss in that office. He had the acting district attorney.

Mr. HALLEY. There was a grand jury that went into that entire situation, was there not? And is it your position that the——

Mr. O'DWYER. Political grand jury?

Mr. HALLEY. Well, I just see the names of some grand jurors here.

Mr. O'DWYER. Yes.

Mr. HALLEY. Is it your position that they were a bunch of politicians?

Mr. O'DWYER. I think they were under the control of one.

Mr. HALLEY. Well, there are 2, 4, 6, 8, 9, 18, 21 names on this presentment of December 20, 1945.

Mr. O'DWYER. Yes.

Mr. HALLEY. Do you think that each one of these men would have signed this presentment and not excepted to it if they thought the testimony would not have justified it?

Mr. O'DWYER. I think they got the information that was fed to them by the district attorney.

I never found fault yet with a grand jury. I know how a grand jury is in the hands—it is just putty in the hands of a district attorney in these kind of cases.

Mr. HALLEY. Let's go through this and see what they found. I have been sitting up reading the testimony, and it is perfectly true the district attorney presents this evidence, but people got in there and swore to these things, Mr. O'Dwyer.

Mr. O'DWYER. Yes; they swore to one side of it. You had a lot of it in here.

Mr. HALLEY. And you had your chance to say what you had to say.

Mr. O'DWYER. I am having it now.

Mr. HALLEY. Now, if they——

Mr. O'DWYER. That is why I asked to come here.

Mr. HALLEY. That is right.

Now, they found this——

Mr. O'DWYER. When you take Charlie Lipsky as an expert in local politics, I would like to come in here and straighten it out.

Mr. HALLEY. Are you criticizing the committee now on another subject matter, or shall we go ahead?

Mr. O'DWYER. I am just pointing out why I am here; and I am pointing out to you that a district attorney, a prosecutor, can give what he likes, and he can keep out what he likes.

Mr. HALLEY. Well, let us see.

Now, did the grand jury find, as you probably know, that none of the evidence against Anastasia pertaining to the perfect murder case, or the other felonies, were ever brought to the attention of Thomas C. Hughes by William O'Dwyer, or Edward A. Heffernan, nor was he instructed to take any action in regard thereto?

Mr. O'DWYER. Mr. Halley, a man takes over an office of a district attorney. What instructions does he need?

Mr. HALLEY. Well—

Mr. O'DWYER. There isn't a district attorney in this country who, when he is elected, does not either defeat the one that was in there, or was unfriendly to him; or, if he was unfriendly to him, who doesn't go straight to the files and find out what is pending.

Mr. HALLEY. Well—

Mr. O'DWYER. And besides—pardon me—before I left the office, I asked the trial man, Burton Turgus, for a full statement on Anastasia, and there it is, absolutely on file, that at that time, a month before I left to go into the Army, or thereabouts, when Mr. Hughes knew I was going in the Army, when Mr. Hughes knew that he was taking over, Mr. Hughes, who had been there for a year or a year and a half—I forget how long—Mr. Hughes, who sat in and looked at the trials from time to time, Mr. Hughes, who was thoroughly familiar with what we were talking about—because, after all, it is reasonable to assume that he read the newspaper—Mr. Turkus said there is no case now against Anastasia, and I was there before the grand jury—but it would be a travesty not to continue the investigation, because of the type of person Anastasia was—and a month later I went into the Army. What was I supposed to do? With a man who was practicing law 20 years before I was, Thomas Craddock Hughes, in Brooklyn. Was I supposed to take him by the ear and whisper everything in the office?

Why, people as far as San Francisco knew what was going on in Murder, Inc. How could Mr. Hughes be so sound asleep?

Mr. HALLEY. Now, a month before you left to go into the Army, weren't the "wanted" cards against Anastasia and Romeo removed from the files of the police department?

Mr. O'DWYER. I didn't know about that. I didn't know about that until later.

Mr. HALLEY. With that action taken, wouldn't it be reasonable for Mr. Hughes to assume that perhaps you had dropped the Anastasia case, over which you had complete and personal control while you were there?

Mr. O'DWYER. How could anything of the kind be in anybody's mind, when there was a statement there that it should be investigated? There was nothing against him at the time, but it should be investigated, and I directed that it be investigated.

Mr. HALLEY. When did you direct that it be investigated?

Mr. O'DWYER. At the time I got the report from Turkus.

Mr. HALLEY In fact, the grand jury found as follows, in finding No. 12:

We find that William O'Dwyer himself did nothing further about these prosecutions and investigations, nor did he instruct anyone else to do anything about it.

Mr. O'DWYER. Well, that is ridiculous. The finding is one that I disagree with—and, Mr. Halley, you see how you can make a situation—how you can twist it to suit any purpose.

There is one thing you can't twist: that there is a record presented to me in May by Turkus that there was no case against Anastasia then; but it should be investigated.

I was leaving within a month to go into the Army, which I did, and I remained in the Army for almost 3 years. Mr. Turkus remained, the man that made the report and did all the trial work. Mr. Bals remained, and the man who was second in command in that office for over a year—maybe a year and a half—he remained and took over full responsibility.

Now, I am going to ask you a fair and square question: Should I be held responsible for what was done or not done in that office while I was in Army uniform?

Mr. HALLEY. I will answer that question, Mr. O'Dwyer, but I think I can best answer it by following the orderly procedure here, by asking you two questions, and I think you may answer them yourself.

Mr. O'DWYER. All right.

Mr. HALLEY. Did you ever return to Brooklyn?

Mr. O'DWYER. I did.

Mr. HALLEY. After you went into the Army?

Mr. O'DWYER. I returned in 1945.

Mr. HALLEY. Did you ever visit Brooklyn between 1942 and 1945?

Mr. O'DWYER. I lived in it.

Mr. HALLEY. And you frequently returned to Brooklyn; is that right?

Mr. O'DWYER. That's right.

Mr. HALLEY. And you frequently saw James Moran; is that right?

Mr. O'DWYER. That's right.

Mr. HALLEY. Did you ever check up on whether anything had been done about this most important case in your entire career—and I hope I am not assuming when I say it—but certainly it must have been?

Mr. O'DWYER. I respectfully submit, Mr. Halley, that I had my own work and my own responsibilities.

Mr. HALLEY. Again at the risk, perhaps, of relying on a source with which you may disagree, I would like to read from a clipping from the New York Times of February 17, 1943. It is possible, I might say, that this is from the Tribune, but it looks like the print of the Times.

Mr. O'DWYER. One isn't more friendly than the other, so that is all right.

Mr. HALLEY. Oh, this is very friendly.

Mr. O'DWYER. Miracles will happen.

Mr. HALLEY. It says: "O'Dwyer, Back in Brooklyn, Digs into Secret Government Inquiry." and the subhead is, "Prosecutor, Now an Army Officer, Holds Six-Hour Conference With Aids—Pleased at Record of Hughes."

Then it says:

In an atmosphere reminiscent of the period when Mr. O'Dwyer was directing the sensational investigation into the notorious Brooklyn murder ring that committed 83 killings from coast to coast, Lieutenant Colonel O'Dwyer worked at top speed behind closed doors, flanked by a battery of staff aides, stenographers, and clerical help and with four telephones in steady use.

All through the day Lieutenant Colonel O'Dwyer also listened to long reports from various assistants in charge of special bureaus on the conduct of the audit during his absence. Mr. O'Dwyer said that he was "greatly pleased" with the manner in which the office had been conducted by his chief assistant, Thomas Craddock Hughes, acting prosecutor in Mr. O'Dwyer's absence, and now on vacation in Florida.

Mr. O'DWYER. What was the day and date?

Mr. HALLEY. I am sorry?

Mr. O'DWYER. What was the day and date?

Mr. HALLEY. The date was February 17, 1943.

Mr. O'DWYER. February 17, 1943? I have no recollection of talking about any of the work of a district attorney's office.

Mr. HALLEY. That is the date of the paper, so your conference must have been on the 16th of February.

Mr. O'DWYER. I have no recollection of discussing the work of the district attorney's office once I went in the Army.

The CHAIRMAN. Well, let Mr. O'Dwyer see this and see if it refreshes his recollection.

Mr. O'DWYER. No, sir; I have read it. I listened attentively to it, and I have no recollection of discussing the work of the district attorney's office with anybody.

Mr. HALLEY. Well, you did in any event early in 1945 return as the district attorney, did you not?

Mr. O'DWYER. Yes; I got out of the Army, which automatically placed me as the district attorney.

Mr. HALLEY. And you were district attorney, were you not?

Mr. O'DWYER. That is right.

Mr. HALLEY. Did you do anything about the case or cases—bearing in mind that you have pointed out that the statute of limitations does not ever run on a murder case—in 1945?

Mr. O'DWYER. I was assigned by President Roosevelt, after I got out of uniform—and it was for that reason that I got out of uniform at that time—as Executive Director of the War Refugee Board. It was headed up by the Treasury Department, the War Department, and the State Department. It was devoted at that time toward the closing days of the war in Europe, based upon a recognition that two armies were coming from opposite directions and that the camps were filled with refugees and political prisoners. It was a recognition that Germany, the Nazi Army at that time, for want of housing and food, and making the dying stand, might do one of two things: They might take over camps and leave those unfortunates in the wintertime to die of cold and starvation. There was also the possibility that because of their hatred of Jewish prisoners that there would be a slaughter in the last few days.

President Roosevelt assigned me to that. I worked at it as Executive Director, and I devoted most of my time to it. It was humane; it was necessary.

One of the things that made it necessary for me to get out of uniform then is that we were still in a state of war, and I might well

(and almost had to) go to neutral countries, where I would have been interned if I were in uniform or a member of the Army. And, consequently, that work was done while I was out of the Army, and it was done in Washington, D. C., and it took up most of my time. I will repeat: Executive Director of the War Refugee Board. There's a report of our work which was made in 1945 and presented to the various heads of the departments some time in the month of August.

Mr. HALLEY. The Anastasia and related matters were a very big thing. Didn't they hold any of your attention at all during all these years?

Mr. O'DWYER. I will say to you, Mr. Halley, that if you go back again, and you at the time were assistant counsel to the Truman committee, you know what it was, you know what war was, you know what death was—if the commanding officer of the forces did that to me, I went into it with all I had, and I did not take up any serious action in the district attorney's office from, I think it was, February of that year, until we completed our report in the summer of that year, at which time I resigned to run for mayor.

Mr. HALLEY. But it would seem to me that visiting Brooklyn from time to time, as you did—and I think the testimony is undisputed on that—you might have asked your chief assistants what they were doing about Anastasia or Adonis or the water front, because that is really what it gets down to when we get into the nub of it.

Mr. O'DWYER. My chief assistant and myself were not on the very best of terms. I was told, as a matter of fact, that precautions were taken that once I left the office I was never to get a ride in the district attorney's car.

The CHAIRMAN. Well, Mr. O'Dwyer, the thing was that you did have a staff there, and although you were a very busy person with this important assignment, it is a little odd that you didn't instruct your staff to go on with the investigation, to do something about it, try to bring it to a conclusion. It was your staff, and you were the boss, weren't you?

Mr. O'DWYER. All right, Senator. Let us say that I should have come back to the office and have ignored the job that was assigned to me while I was in the Army and that technically I was district attorney.

The truth was, I was assigned to the War Refugee Board for that work.

The CHAIRMAN. Well, I premised my statement by the idea that you were very busy, but you still had quite a staff there. How many did you have on your staff?

Mr. O'DWYER. They were all there. I don't recall how many there were. There were no changes made that I know of, except perhaps a few; maybe 30. But I trusted, I had complete faith that when I was in the Army that the investigations would continue.

The CHAIRMAN. Well, when you came back in 1945, Mr. O'Dwyer, Mr. Halley may want to go into this in more detail later on, you found that the grand jury presentment had stated, unequivocally, and the testimony is substantially that, that Mr. Moran had removed the "wanted cards" of Anastasia and also of others, Romeo, I believe, in 1942, which, according to the grand jury, substantially deterred any further action. Did you reprimand him, or did you take any action against Mr. Moran?

Mr. O'DWYER. That is not my recollection of what was said.

The CHAIRMAN. Well, Mr. O'Dwyer, that is what he has told us. I think substantially his testimony was that he may have, or he probably did it as a matter of routine, removed these investigative cards or the "wanted cards." The grand jury presentment charges unequivocally that he did, and I just wondered what you did to him for doing that.

Mr. O'DWYER. No, Senator, there is a conflict here. The conflict is in two ways. First of all, the removal of the cards could be a clerical mistake, it could be anything. It is not fatal to a case. It might have failed to alert the police, who were assigned to it, but they have been looking for these men for a couple of years. The removal of the cards, as I understood it at the time, was done after Anastasia and some of these fellows had been located.

I think I remember somewhere in the record where Mr. John Harlen Amen had Anastasia call up Mr. Hughes to find out if he needed him, and he said he didn't, and I also remember somewhere along the line that someone else, a sergeant, in actual charge of these cards, removed them, and that is why a question as to whether he did it at Moran's direction or not—

Mr. HALLEY. Well, the sergeant, Divers, swore that he did; Moran denied it, but you should know that when Moran appeared here, he didn't deny that he had given such an instruction, but rather tried to justify the instruction.

Senator TOBEY. Well, of course, Mr. Chairman, it is axiomatic that virtue is its own reward, and the application of that is that Mr. Moran received the job for life of water commissioner at \$18,000 a year.

Mr. O'DWYER. What about that, Senator?

Senator TOBEY. Just that facts speak for themselves, sir.

Mr. O'DWYER. He is a good man.

Senator TOBEY. No question about it—for some things.

What particular qualifications did he have to be water commissioner of the great State of New York at \$18,000 of the taxpayers' money? What were the qualifications of your man that you appointed, who was a Man-Friday in the job there in this office of Murder, Inc.? What were his qualifications?

Mr. O'DWYER. Do we want to go into that?

The CHAIRMAN. Before you get into that, I think while we are still on the card matter, if Senator Tobey will excuse me—

Senator TOBEY. Surely.

The CHAIRMAN. And then we will come back to you—it says here that the police "wanted cards" for the arrest of Anastasia were removed from the police department on May 4, 1942, by direction of Chief Clerk James J. Moran. Then it goes on, I think, other cards—

Mr. O'DWYER. Who said that, Senator?

The CHAIRMAN. That was the testimony that was brought out—

Mr. HALLEY. That is the conclusion of the grand jury.

The CHAIRMAN. That is the conclusion of the grand jury.

Mr. O'DWYER. What was the basis for that testimony?

The CHAIRMAN. Mr. Moran didn't deny it when he came before us.

Mr. O'DWYER. I think he did.

The CHAIRMAN. We will show you his testimony.

Mr. O'DWYER. I mean, I think he did—

The CHAIRMAN. He said he did not remember it distinctly. He said he may have ordered it removed; it may have been a clerical error. But in any event, it wasn't important.

Mr. O'DWYER. The question I was asked was to fix——

The CHAIRMAN. He removed it, apparently, before you left for the service.

Mr. O'DWYER. About 3 weeks before I left.

The CHAIRMAN. But the question was——

Mr. O'DWYER. I didn't know it.

The CHAIRMAN. The question was, you found out about it when you came back in 1945; and what did you do to Mr. Moran?

Mr. O'DWYER. I knew nothing about it until I heard about it before the grand jury.

The CHAIRMAN. You testified before the grand jury and he testified before the grand jury?

Mr. O'DWYER. That's right.

The CHAIRMAN. In December 1945?

Mr. O'DWYER. That's right.

The CHAIRMAN. Or earlier than that?

Mr. O'DWYER. Before election, Senator.

The CHAIRMAN. Well, anyway, some substantial people testified, and you testified, and Mr. Moran testified. So the question is, Did you talk with Mr. Moran about having removed these cards?

Mr. O'DWYER. I don't recall talking to him about who removed it or who didn't. All I know is that I was out of office at that time, too.

Mr. HALLEY. You had not yet entered the Army when the cards were removed?

Mr. O'DWYER. That is true; about 3 weeks before. But I didn't know they were removed.

The CHAIRMAN. Well, he wouldn't have removed them if much action was being taken.

Mr. O'DWYER. I think it is entirely academic. I don't think that it affected the case one way or the other.

The CHAIRMAN. Well, now, maybe we will get to this matter later. Senator Tobey had asked a question about Mr. Moran's qualifications. If you want to pursue it at this time, Senator Tobey.

Senator TOBEY. You needn't answer it unless you want to. But I have another question: You said a moment ago the grand jury was controlled by someone higher up. Whom did you have in mind then?

Mr. O'DWYER. District attorney.

Senator TOBEY. All right. Hadn't the grand jury of Brooklyn as such powers that transcended district attorney's, and couldn't they tell him to keep out of the room, even, and carry out their work?

Mr. O'DWYER. That is the law.

Senator TOBEY. All right. Then how could he control them?

Mr. O'DWYER. Are you arguing with me or telling me something?

Senator TOBEY. I am asking you how the grand jury, or how the district attorney, who, under the law, is subservient to the grand jury, and they have powers that transcend his; how could he control them? They knew their powers, did they not?

Mr. O'DWYER. By feeding them the information he wanted them to know. Why, there are lots of people that are not strangers to that practice.

Senator TOBEY. You said a while ago that no statute of limitations runs against murder cases.

Mr. O'DWYER. That's right.

Senator TOBEY. And that is technically correct. But I——

Mr. O'DWYER. Not technically. Legally correct.

Senator TOBEY. Legally; all right. Now, will you kindly agree on this point: That a disappearance of witnesses by death or otherwise is just as effective as the statute of limitations in nullifying the case?

Mr. O'DWYER. Are we an "if" again, or on this case?

Senator TOBEY. No. There wasn't anything to run away from, sir. Don't run away from it; face the facts.

I am asking you a question. Don't quibble with little things of two letters long.

Mr. O'DWYER. Senator, I resent the suggestion that I am quibbling.

Senator TOBEY. You are going to get it from me just as I see these things; just remember that.

Mr. O'DWYER. May I speak for the record?

Senator TOBEY. You certainly may, and I will finish up.

Mr. O'DWYER. I resent the suggestion that I am running away from your question. I want to understand your question.

Senator TOBEY. I made it very, very plain. A little child could understand this, and I say again:

You said that no statute of limitations runs against a murder case.

Mr. O'DWYER. Yes.

Senator TOBEY. That is the law. But I said, and I asked you to assent to it as a man—but a disappearance of witnesses, by death or otherwise, is just as effective in nullifying as the statute of limitations, is it not?

Mr. O'DWYER. If what you are saying is that if you don't have witnesses you can't prosecute, or get a conviction, you are right.

Senator TOBEY. The English language is plain, and the sentence is fair. I asked you a question; yes or no?

Mr. O'DWYER. I will agree that if there are no witnesses, you can't prosecute.

Senator TOBEY. The case is nullified when the witnesses are dead, or pass on, or disappear.

Mr. O'DWYER. I will agree, if there are no witnesses, you can't prosecute.

Mr. HALLEY. We were talking about the findings of the grand jury; and without trying to go through all of them, there were a couple that I think you felt might have been put in the mouths of the grand jury by the prosecutor.

One in particular that I have in mind is No. 12, where they say:

William O'Dwyer himself did nothing further about these prosecutions and investigations, nor did he instruct anyone else to do anything about them.

Would that be right?

Mr. O'DWYER. Absolutely talked to somebody and said, "Do something about it?"

Mr. HALLEY. Give any instructions.

Mr. O'DWYER. The instructions were automatic, with the report of Burton Turkus.

Mr. HALLEY. But didn't you testify that you did not give anybody any instructions?

Mr. O'DWYER. I would say that if you were to take someone into a room and whisper into his pink little ear what he should do, I didn't. I assumed that a man knew what to do.

Mr. HALLEY. When this fellow Hughes came into the office, he was your appointee, your chief assistant?

Mr. O'DWYER. I appointed him.

Mr. HALLEY. Then he became acting district attorney in your absence?

Mr. O'DWYER. Of course.

Mr. HALLEY. Did you every say, when you left, "Now Hughes, these are the most important cases we have?"

Mr. O'DWYER. I don't recall saying it, and I don't think it was any of my business. When a man takes over the responsibility, and he is a man who has been practicing law at least 20 years longer than I was, he knew what to do.

Mr. HALLEY. Well, the cases, as in any case in any law office, including the D. A.'s office—I know a little bit, and you know a great deal, Mr. O'Dwyer—the cases consist of files in the cabinets.

Mr. O'DWYER. Yes.

Mr. HALLEY. And the district attorney doesn't have time to go through file after file after file to see what the cases are.

Mr. O'DWYER. He was there for a full year and a half.

Mr. HALLEY. But the testimony before the grand jury was, it was not, that the actual prosecution of the Murder, Inc., case was in the hands of yourself, Heffernan, Moran, and Bals?

Mr. O'DWYER. And Barton Turkus.

Mr. HALLEY. And Burton Turkus was head of the homicide division, but did not actually have anything to do with this particular batch of cases.

Mr. O'DWYER. He tried every case.

Mr. HALLEY. When they were finally worked up, investigated, and put in the form of an indictment.

Mr. O'DWYER. He prepared each case for trial.

Mr. HALLEY. Yes. But first he would get an indictment handed to him.

Mr. O'DWYER. Not always.

Mr. HALLEY. Particularly in the case of Anastasia.

Mr. O'DWYER. Not always; that isn't true.

Mr. HALLEY. Well, the testimony, as I read it, has been that Turkus, though head of the homicide squad, had the job of prosecuting cases in court, and that this particular investigation was in a small group—yourself, Heffernan, Moran, and Bals—

Mr. O'DWYER. He had that job. And Turkus spent plenty of time with the witnesses.

Mr. HALLEY. But he would get an indictment to go ahead and work on, would he not?

Mr. O'DWYER. That didn't mean that he didn't work on the indictment.

Mr. HALLEY. No. But if the case against Anastasia was filed away with no indictment, and the wanted cards were removed from the files on Anastasia, it would take the greatest of luck, would it not, for either Hughes or Turkus to find anything to indicate to them that there was a case they should go ahead on?

Mr. O'DWYER. Why, I had Turkus make a study of the Anastasia case, of all cases that we might have had against him in May, just before I went into the Army; and he gave me a written report, which I am sure you have before you, Mr. Halley.

Mr. HALLEY. It was in April that Turkus said the Anastasia case was a good case and should be prosecuted.

Mr. O'DWYER. And should be prosecuted. He didn't say they had a good case against him. He said that the record of the man was so bad that every effort should be directed to find out whether or not a case could be found against him.

Mr. HALLEY. That's right. And the very next month Moran—and he hasn't denied it here—ordered that detective sergeant to remove the wanted file on Anastasia from the police files.

Mr. O'DWYER. The purpose of a wanted card, gentlemen, is to aid the police in making the arrests. Anastasia, as I recall it, was in Brooklyn around that time, or some time after—not too long after—and questioned by John Harlan Amen, who was Governor Lehman's appointee to investigate rackets in Brooklyn.

Now, I understand that Mr. Amen—I don't swear to this—but I understand that Amen called up Tom Hughes and asked him if he wanted him at that time, and Hughes said "No."

Now, the question of a card to aid in the arrest ought to be very clear to these gentlemen. That's the purpose of it. I don't know when it was, but almost overnight Anastasia was in the Army, was walking around in Army uniform.

Mr. HALLEY. Not only Anastasia's card was removed, but Romeo's card was removed, and others were removed; isn't that so?

Mr. O'DWYER. My recollection is that there were others.

Mr. HALLEY. Apparently Moran just closed up the investigation.

Mr. O'DWYER. Not at all.

Mr. HALLEY. Well, once he removed these wanted cards, when anybody looked in the files to see whether these fellows were even wanted, they would find they were not.

Mr. O'DWYER. Oh, Mr. Halley, everyone in the office knew every one of the names and knew what they were in for. The newspapers were there. It's just ridiculous to say that everyone in the office was a baby, except the few people you don't like.

Mr. HALLEY. Well, Mr. O'Dwyer, perhaps we get the entire matter a little out of context when we just talk about the Anastasia case.

Mr. O'DWYER. Yes.

Mr. HALLEY. There was in fact a broad water-front investigation, was there not, at about that time?

Mr. O'DWYER. We started one of them, yes; in the middle of murder investigations.

Mr. HALLEY. Amen had originally started the water-front investigations; would that be right?

Mr. O'DWYER. That's right.

Mr. HALLEY. And then your office stepped into it and found there was a very close relationship between the murder investigations and the water front; is that right?

Mr. O'DWYER. Anastasia, principally.

Mr. HALLEY. Anastasia was the boss of the water front?

Mr. O'DWYER. That's right; and generally, I think that was the situation.

Mr. HALLEY. And he was also the boss of the murder department?

Mr. O'DWYER. He was the director for the combination.

Mr. HALLEY. And Anastasia had a boss named Joe Adonis; is that right?

Mr. O'DWYER. Oh, here is one place where I wouldn't quibble. I can't say that, but I am almost sure that's true.

Mr. HALLEY. Well, didn't you, in effect, so testify—I mean I don't want to quibble. I think you did clearly state to the grand jury that Adonis was Anastasia's boss.

Mr. O'DWYER. Well, I figured him to be higher on the chain of command than Anastasia; yes.

Mr. HALLEY. And whereas Anastasia had the water front, Adonis had the gambling; is that right?

Mr. O'DWYER. That was the impression I had from stories I got from my informants.

Mr. HALLEY. And in the entire set-up, as an over-all proposition, Adonis ranked as one of the big bosses—one of what you might call the board of directors; is that right?

Mr. O'DWYER. Reles said so.

Mr. HALLEY. I think he actually named six men whom he thought were the top men; is that right?

Mr. O'DWYER. I am not too sure of that. I am not so sure of the names. I doubt if Reles knew the names. He knew them around here in this neighborhood, but I doubt if he knew them all over the country.

Mr. HALLEY. Well, perhaps your information came from other sources, too. Do you remember being asked at the 1945 investigation about this six men: Bugsy Siegel—was he one of the top men?

Mr. O'DWYER. He was big.

Mr. HALLEY. He had the west coast concession, so to speak, didn't he?

Mr. O'DWYER. He was big and on the west coast. Now, how big, how much they trusted him, later events would indicate that they didn't trust him.

Mr. HALLEY. Well, they had a little trouble over the wire service back in 1947.

Mr. O'DWYER. I didn't know the reason for that. But I did know how much trust they put in Siegel. But he was big.

Mr. HALLEY. And then he had a partner named Lansky. Was he big at that time?

Mr. O'DWYER. He would be on the same level. He would be on the same level as Siegel, except that it is quite possible that Lansky went in for a lot of things other than gambling, from what I could find; narcotics was one of them.

Mr. HALLEY. Anything else?

Mr. O'DWYER. I don't recall that.

Mr. HALLEY. Then there was Luciano, I think you mentioned as one of the big ones.

Mr. O'DWYER. Oh, yes. He was regarded as very big.

Mr. HALLEY. These were all bigger than, say, Anastasia?

Mr. O'DWYER. Oh, yes; much bigger. They would be on the policy level.

Mr. HALLEY. Then there was Adonis?

Mr. O'DWYER. I don't mean gambling policy, I mean policy-making level.

Mr. HALLEY. Cutting up the territory?

Mr. O'DWYER. That's right.

Mr. HALLEY. Then there was Adonis; is that right?

Mr. O'DWYER. Adonis; yes.

Mr. HALLEY. And I think—was there Zwillman?

Mr. O'DWYER. Yes; Longy Zwillman.

Mr. HALLEY. Was he on the policy level also?

Mr. O'DWYER. Well, he was high. He was from Newark.

Mr. HALLEY. And Willie Moretti?

Mr. O'DWYER. Moretti was regarded as high. I don't know how high he would have been.

Mr. HALLEY. I think you made a certain distinction about Costello; is that right?

Mr. O'DWYER. Before the grand jury?

Mr. HALLEY. Yes. What is your present view about Costello in this over-all gang picture as you knew it?

Mr. O'DWYER. Well, you got the question and answer. Suppose you ask me the question.

Mr. HALLEY. There is no trick in it. I just have this list of six, and I remember that you had a reason for not including Costello. I think he was in another department.

Mr. O'DWYER. The main reason is that I never did find his name mentioned in connection with any murder in Brooklyn.

Mr. HALLEY. I think you pointed that out.

Mr. O'DWYER. And at no time was his name mentioned at all in the investigation, as I recall it, except in the turning in of Lepke, and there were several names mentioned in that besides his.

Mr. HALLEY. I think you pointed out that Costello was the man who ordered that Lepke be turned in to the law-enforcement officers.

Mr. O'DWYER. No; I didn't know enough about it for that, but that he was the man who made arrangements to turn him in.

Mr. HALLEY. That's right.

Mr. O'DWYER. And there were several others besides him in it. I don't know their names.

Mr. HALLEY. Are there any others that we should include in the board of directors, as you learned it in the period of your investigation?

Mr. O'DWYER. No; but I have been reading a lot of newspaper articles and books, and I find that there are fellows I never heard of that are really tops in this thing.

Mr. HALLEY. Getting away for the moment, Mr. O'Dwyer, from you and any personal responsibility—and there is no insinuation here that you had a personal responsibility—but from this committee's over-all viewpoint of the question of organized crime, would it be fair to say that not one of the men who, through your investigation, you learned was the top people, have in any way suffered for any of these murders?

Mr. O'DWYER. No. I would say—the names you mention? Well, Adonis was arrested for a murder by John Harlan Amen at that time, and he was in Raymond Street jail for a long time.

Mr. HALLEY. Siegel was arrested.

Mr. O'DWYER. What?

Mr. HALLEY. Siegel was arrested.

Mr. O'DWYER. Then he got out on bail, and then later on they tried the case and I think Judge Crater, or one of the judges over there, dismissed it.

Now, Siegel was arrested a few times when we had something on him, and Siegel was arrested and Siegel escaped prosecution for murder by the death of Reles, too.

The CHAIRMAN. We will recess at this time.

Senator TOBEY. I have just one question.

Why was the card in the Anastasia case pulled out? What was the purpose in pulling it out of the files?

Mr. O'DWYER. I don't know anything about it.

Senator TOBEY. What is your guess?

I mean, it didn't occupy very much space, did it?

Mr. O'DWYER. I won't guess. I am under oath.

Senator TOBEY. Well, did you ever ask them why they pulled it out?

Mr. O'DWYER. I have no recollection of that, but—

Senator TOBEY. Did you ever talk to Moran about it?

Mr. O'DWYER. I was in the Army for 3 years, and out before I heard about it.

Senator TOBEY. But did you ask Moran about it when you saw him?

Mr. O'DWYER. At that time, Anastasia had been around here, and there were articles in the newspapers that he was around the race tracks betting, and around New York plenty.

Senator TOBEY. Weren't you surprised when you found out that the card was gone?

Mr. O'DWYER. I don't pay half as much attention to that pulling out of the card as you do, Senator, because it didn't affect the case, anyway. It was just an indication of how you could get the man if you wanted him.

My heavens, the man was around the town in uniform all during the war, and then they made a complaint. I forget what time it was. But there was no trouble in getting Anastasia.

The CHAIRMAN. The committee will stand in recess until 2:15.

(Thereupon, at 1 p. m., a recess was taken until 2:15 p. m.)

AFTERNOON SESSION

(Thereupon, at the expiration of the recess, the committee reconvened at 2:15 p. m.)

Senator O'CONOR (presiding). The hearing will please be in order. Will Ambassador O'Dwyer be recalled to the stand.

FURTHER TESTIMONY OF HON. WILLIAM O'DWYER, UNITED STATES AMBASSADOR TO REPUBLIC OF MEXICO

Senator O'CONOR (presiding). Now, Mr. O'Dwyer, prior to our taking recess for luncheon, you were undertaking a narration of various offices you have held, and giving the committee information as to your recommendations, and other relative matters.

You may proceed.

Mr. O'DWYER. Thank you, sir.

Gentlemen, I think we were down to about the time that I went into the Army, the 1st of June 1942; and the record as I saw it at that time, had a few points that I would like to give.

No. 1, when I came in, 2½ years before, into office, we had this murder syndicate, and in that murder syndicate there was absolutely no

State lines. They crossed them at will. They went from one side of the country to the other.

Senator O'CONOR. May I ask if you would be good enough just to keep your voice up a little.

I realize the difficulties, but if you would keep the mikes close by, it may enable everybody to hear.

Mr. O'DWYER. I still have a little of that fever that I had when I left Mexico.

Now, when I came in, Senators, that was the condition that I briefly outlined to you: An organization throughout the Nation—can you hear me, sir?

Senator O'CONOR. Yes, sir.

Mr. O'DWYER. An organization throughout the Nation, well organized, on a national basis.

I think it was Senator Tobey asked me who the head man was, and I recall answering that it was, in my opinion, what they called it themselves, a combination, in which they made agreements—made alliances, made agreements—and had a national set-up to enforce the rules and regulations that they made.

Now, when I left to go into the Army, I had broken it up. I would like to make that very clear.

Before we proceed any further, Senators, I would like very much to know if there is any further cross-examination on the 21½ years that I was district attorney there, doing that work.

Mr. HALLEY. I probably would want to ask some questions, but they would probably go back a considerable period of time, and take some time to ask. I think perhaps, from the point of view of an orderly presentation, it might be best if you would first give the committee the benefit of the thoughts and ideas and information which I think originally prompted your suggestion that you come to New York to testify.

Mr. O'DWYER. All right. There is a very important statement that I would like to read into the record at some time before we finish.

Senator O'CONOR. Does that pertain to your service in the Army or subsequent?

Mr. O'DWYER. No, sir. It refers to my handling of the district attorney's office.

Senator O'CONOR. Well, inasmuch as you have gone over that, it might be timely to do it right now, unless there are some other facts that you desire to refer to prior to making the statement.

Mr. O'DWYER. This would be a good time, I think, sir.

You will recall, Senators, that after I had left the office and after I had gone into the Army and after I had completed practically 3 years of Army service, that I ran for mayor in 1945, when I came out; that I resigned some time in August of 1945, from the district attorney's office, and that Mr. George Beldock, now Supreme Court Justice George Beldock of Kings County, took over by appointment of Governor Dewey and he made this investigation that we have been reading from here in the grand jury minutes.

He was then a candidate for district attorney against the present incumbent, and all of this investigation went on before the election and the first presentment, which was expunged by Judge Taylor, was released before election. Then there was criticism, and Mr. Beldock continued after election, in which Mr. McDonald won the district

attorneyship and I won, but at a later date Mr. Beldock made a statement over the radio at the inauguration of the Four Chaplains swimming pool up at a hospital, and I would like to read into the record what he said, because it ties up with my contention and with the contention of Judge Taylor that it was primarily a political action.

I will read to you what he said. He was presenting me as the next speaker:

And now I am honored to present the next speaker, Mayor O'Dwyer. As you may know, I am an active member of the Republican Party, and in 1945 served as Republican district attorney in Kings County. That year I was a candidate for election to a 4-year term as district attorney, and my predecessor in office was the Democratic candidate for mayor.

Well, during political campaigns many heated and intemperate statements are made and many remarks in that campaign were exchanged. In fact, I conducted an inquiry of my predecessor's administration of that office, and on this occasion I am indeed happy to say that during that inquiry I never found anything that reflected in any way upon the personal integrity and honesty of the man I am about to introduce. I have had the opportunity to watch his work for the past year and a half as our mayor and to observe the numerous and varied problems presented to him.

Mayor O'Dwyer has met these problems with courage, with understanding, and sincerity. While it may be said that all of the difficulties of our city have not as yet been solved to everyone's satisfaction, the mayor has at all times clearly demonstrated his genuineness and the keen ability in attacking and solving these matters, always keeping in mind the best interests of all the people of this great city.

Mr. HALLEY. What was the date of that, Mr. O'Dwyer?

Mr. O'DWYER. I haven't got that here, but I could find it.

Mr. HALLEY. It probably was made after you had been mayor for some time——

Senator O'CONOR. He states a year and a half after he was mayor.

Mr. O'DWYER. I took office on January 1, 1946.

Senator O'CONOR. So it would be about the middle of 1947.

Mr. O'DWYER. It would be about the middle of 1947.

Mr. HALLEY. And Mr. Beldock had then become a judge of the New York Supreme Court?

Mr. O'DWYER. He wasn't yet.

Mr. HALLEY. But he was about to get it on a bipartisan nomination, Democratic and Republican; is that right?

Mr. O'DWYER. I am sure every candidate would like to have a bipartisan endorsement.

Mr. HALLEY. He did get the bipartisan endorsement?

Mr. O'DWYER. He did.

Mr. HALLEY. Thank you.

Mr. O'DWYER. Now, at this time, would it be logical, gentlemen, for me to proceed with the description of my Army assignments?

Mr. HALLEY. May I make the suggestion that perhaps you would want to cover your Army service and then your period as mayor, and then give particular emphasis to the thoughts I believe you have on the connection between politics and crime in New York City.

Senator HUNT. Mr. Chairman.

Senator O'CONOR. Mr. Hunt.

Senator HUNT. May I respectfully suggest that I can see no part in this examination—that a reiteration of the experience of the Ambassador in the Army would be of any value, and we are pressed for time. I would suggest that we shorten the narration by Mr. Ambassador as much as possible. I can't see any need of going into his Army record.

Mr. HALLEY. Senator Hunt, there are just some aspects of the Army record that do bear upon the investigation that I had in mind, and I am sure those are the ones that Mr. O'Dwyer intends to refer to.

Senator O'CONOR. Well, in order that we might move along as expeditiously as possible, will counsel direct or invite the witness' attention to those matters so we may not have to go into unrelated and irrelevant subjects.

Mr. HALLEY. Well, starting with your Army record, Mr. O'Dwyer, confining yourself primarily to those investigations which you made, in which you had to do with people who were engaged in organized crime, will you give the committee the benefit of what you had in mind?

Mr. O'DWYER. I would like to, first, because of things that have been written, state how I went into the Army.

On December 7, when Pearl Harbor was attacked, that was a Sunday, if you remember. On Monday morning I sent a telegram to President Roosevelt volunteering to serve in any capacity that in his wise judgment he thought I could serve. And from then on I began to receive communications from the Army, and one of them is there, gentlemen—a form in which I was asked to serve “in what, in your judgment, based upon your experience, should be your rank”—and if you will take the trouble to read it, you will find that my answer was “I have no opinion.”

Then I was given the rank of major. I went into the Army as a major on June 1, 1942. I was assigned to military police. About August 14 of that year, I got out of the military police and got into procurement in the Air Corps, during the course of which I had the honor to meet Mr. Halley as assistant counsel to the Truman committee on one occasion.

While I was in the Air Corps in this district based over here, 225 Broadway, I received a command from Washington which came from Gen. Oliver P. Echols, to report to him. I did report to him; and General Echols told me—explained to me how Wright Field at Dayton, Ohio, was the center of our contract department, that because of the speed with which we had to get procurement, the contracts had to be let from Wright Field to the various divisional areas.

Senator O'CONOR. Mr. O'Dwyer, let me interrupt you. I may say that we are not intending to cut you off, but does this bear upon or lead to any criminal activity; do you think?

Mr. O'DWYER. It certainly does.

Senator O'CONOR. Well, then, you may certainly proceed. You don't have to justify your Army service——

Mr. O'DWYER. No——

Senator O'CONOR. I just want to be sure that you are leading up to something——

Mr. O'DWYER. It is something that we are interested in, that the public is interested in and you are interested in, and I am interested in telling it.

Mr. HALLEY. And it is something on which I want to ask some questions later.

Senator O'CONOR. Very good.

Mr. O'DWYER. Now, this, of course, had two features. No. 1, I was no longer a district attorney with all kinds of men to make investigations. There were investigators in the various procurement areas,

but working out of General Echols' office, I was alone, with the exception of two officers with me.

The general explained that the thing they were worried about was that, particularly in the garment business—and there were big contracts, as you will recall, in that—that nobody—that there were rumors to the effect that the people in Wright Field who let those contracts were not doing a good job, and that there might have been corruption; also that the contractors around the country—mostly concentrated between Baltimore and Boston—that there was where most of the trouble, from their information, lay.

Now, it was never intended that I would make a complete investigation. My job was a broad one. The orders were broad, and they were called "We depend on you to keep Wright Field clean."

That was the job I was assigned to do.

That meant that I had to learn a new business. I had to find out how the contractors worked. That meant that I had to get people who understood how they worked, who understood the tricks of the game between a dishonest contractor and Wright Field.

It also meant that I had to get somebody to show me the way, and it was in that regard, just before I went into the Army, that I met a man who was doing business with the Navy, by the name of Irving Sherman, who I believed knew his way around and could give me that information.

Gentlemen, he helped me for practically all of my time in the Army, especially in that work.

Later on I suppose, in cross-examination, I will be asked what help he gave, and I will be glad to give it.

In 1942, toward the end of the year, there were rumors that friends of Frank Costello's, and possibly Frank Costello himself, were interested in our Air Corps contracts. There were indications that an officer in the contract department in Wright Field was involved.

I want to explain now that whenever an officer was involved, I had nothing to do with it; and was not allowed, under my terms of reference, to interfere. That belonged to the air inspector.

And I also want it understood that my instructions from General Echols were to the effect that, wherever an officer was involved, the officer's case had to be investigated first.

However, in December of that year I sought out Costello to find out whether or not he knew the men involved in the rumors, and the names of the men were Joe Baker, and a man named Rudolph Till, a lawyer, or Randolph Till, I wouldn't know which.

Mr. HALLEY. Randolph.

Mr. O'DWYER. All right.

Now, I saw Costello. I definitely saw him once at his home, and it is my best impression that I saw him twice on the same subject.

Senator TOBEX. Did Moran go with you to his home?

Mr. O'DWYER. He went the first time.

Senator TOBEX. Why did he go; to carry a bag, or what? I mean, what did he go for; was he an errand boy or a companion, or what; or an adviser?

Mr. O'DWYER. Senator, if the question is legitimate, and intended to be other than sarcastic, I will be most happy to answer it.

Senator TOBEX. Absolutely.

Mr. O'DWYER. But if it is just sarcasm——

Senator TOBEY. The question is legitimate, bearing on the importance of Mr. Moran in your official life as district attorney.

Mr. O'DWYER. I wasn't district attorney then.

Senator TOBEY. Well, whatever your position was then.

Mr. O'DWYER. I was an Army officer.

Senator TOBEY. And he was a friend of yours.

Mr. O'DWYER. He was a friend of mine, and still is.

Senator TOBEY. What did he go with you there?

Mr. O'DWYER. And I have no hesitation in saying that I hope the Senator has many good friends as Moran has been.

Senator TOBEY. He has got one awfully good friend.

Mr. HALLEY. Now, then, will you just proceed and give a description of the visit.

First of all, by way of time, can you state the approximate time, the time of the year?

Mr. O'DWYER. It would have to be some time around the middle of December.

Mr. HALLEY. Who arranged the meeting, Mr. O'Dwyer?

Mr. O'DWYER. I thought it was Sherman, but it could have been Moran.

Senator O'CONOR. Was it arranged at your request?

Mr. O'DWYER. It was arranged at my request.

Senator O'CONOR. I so understood you to say. All right.

Mr. O'DWYER. And in my opinion Sherman was there.

Also a man named Bert Stand. Also a man named Judge Savarese was there.

Mr. HALLEY. Mike Kennedy, too.

Mr. O'DWYER. Also Congressman Michael Kennedy, who was then the leader of this district.

Mr. HALLEY. He was then the leader of Tammany Hall?

Mr. O'DWYER. That's right.

They were there when I arrived. I had approximately a half an hour's conversation with Frank Costello, and I left, and they were still there when I left.

Senator O'CONOR. Before going into the conversation, were any of the other persons there at your request?

Mr. O'DWYER. No. I didn't expect to see any one of them there.

Senator O'CONOR. Now, will you kindly give to the committee just what the nature of the conversation was?

Mr. O'DWYER. I asked them a lot of things about Army—about Air Corps contracts.

Senator O'CONOR. In other words, will you just, because of its importance, relate as near as you can what was said by each of the parties during the visit.

Mr. O'DWYER. Well, there wasn't a conversation between all of them. There was a conversation between Costello and me.

Senator O'CONOR. That is the conversation we want to have.

Mr. O'DWYER. And that conversation was not in the presence of the others.

Mr. HALLEY. How did you first get Costello's name? How did his name come up in this matter?

Mr. O'DWYER. As I recall it—I am trying to reconstruct this—there was an anonymous letter sent, complaining about this Army officer,

whose name I should not mention at this time, in my opinion, and I know nothing about the facts.

Mr. HALLEY. Well, we know who he is, so that is all right.

Mr. O'DWYER. All right. And as I recall the communication, it said that there was a contact between him and Baker and Till, and that it was over Costello's wire in some hotel here in New York, possibly a hotel called the Chatham Hotel. I think it was the Chatham Hotel.

I asked Costello about it and he said he had nothing to do with the transaction.

Senator O'CONOR. Now, just before that came up, would you just state precisely what was said by each of the parties, upon arriving there and meeting Costello? Just what did you say to him by way of explanation for the reason for your visit and what you desired to ascertain?

Mr. O'DWYER. My best recollection on that would have to be that I talked to him about the contracts and who was doing business that he knew with Wright Field, and did he personally have any interest in any contracts.

How long that took in the questions and answers I certainly do not know.

Mr. HALLEY. Well, who got this anonymous letter?

Mr. O'DWYER. The anonymous letter, as I understand it, came to Moran, in Brooklyn, and he mailed it to me, and as I recall it, it was mailed to me in the Van Cleef Hotel in Dayton, Ohio.

Mr. HALLEY. Mr. Moran so testified, but did you know a Mr. Dolan?

Mr. O'DWYER. Henry Dolan?

Mr. HALLEY. Yes.

Mr. O'DWYER. Yes, I do.

Mr. HALLEY. What was his position in the Army Air Corps?

Mr. O'DWYER. Henry Dolan was the chief investigator in this district

Mr. HALLEY. He said that the letter came to him.

Mr. O'DWYER. That might be something else. He never saw this letter, because my recollection is that the letter was handed over to the Chief of the Contract Department in Wright Field.

Mr. HALLEY. Dolan seemed to recall clearly that a letter came to him and that he referred it to you. Moran said the letter came to the D. A.'s office addressed to you and that he had it.

Mr. O'DWYER. The way Moran said it is the way I remember it.

Mr. HALLEY. You remember that Moran got it?

Mr. O'DWYER. That he got it and mailed it to me in the Van Cleef Hotel in Dayton, Ohio.

Mr. HALLEY. Whom did you ask to make the appointment with Costello?

Mr. O'DWYER. I thought it was Sherman, but it could have been Moran.

Mr. HALLEY. In fact, you were quite sure it was Sherman when you testified about it in 1945, were you not?

Mr. O'DWYER. I possibly at that time was fully under the impression that it was Sherman.

Mr. HALLEY. And now Moran—I suppose you are familiar with his testimony?

Mr. O'DWYER. Yes, Moran said he made it.

Mr. HALLEY. He said he called up Mike Kennedy?

Mr. O'DWYER. That's right.

Mr. HALLEY. It creates a conflict that I am not quite sure I understand.

Mr. O'DWYER. It creates the conflicts that arise after 9 years.

Mr. HALLEY. Well, this wasn't 9 years.

Mr. O'DWYER. Why not?

Mr. HALLEY. This question came up in 1945, you may remember.

Mr. O'DWYER. In 1945, Mr. Halley, it was my impression that it was Irving Sherman who made the contact.

Mr. HALLEY. On the other hand, Moran is quite sure that he not only did it but knew how he did it, that he called Kennedy and arranged the appointment through Mike Kennedy, the leader of Tammany Hall.

Mr. O'DWYER. Well, I am giving you the best of my recollection.

Mr. HALLEY. In any event, are you reasonably positive that the question of Costello came up as a result of an anonymous letter?

Mr. O'DWYER. An anonymous letter and rumors.

Mr. HALLEY. And various rumors?

Mr. O'DWYER. Yes.

Mr. HALLEY. What made you think Sherman arranged the meeting? Did you know whether or not Sherman was a friend of Costello's?

Mr. O'DWYER. Oh, yes, I knew he knew Costello.

Mr. HALLEY. He was a pretty good friend of Costello's?

Mr. O'DWYER. I understood that, yes.

Mr. HALLEY. That is why you may have recollected it that way; is that it?

Mr. O'DWYER. That was how I associated it.

Mr. HALLEY. And you went up to Costello's house. Were you in uniform?

Mr. O'DWYER. I was.

Mr. HALLEY. Did you go with Moran?

Mr. O'DWYER. That is my recollection. I am sure I did.

Mr. HALLEY. And Sherman left you there?

Mr. O'DWYER. I wouldn't swear to how he came, but it is my best recollection that Sherman was there.

Mr. HALLEY. Do you know why Kennedy and Stand were there?

Mr. O'DWYER. No, I do not.

Mr. HALLEY. When you arrived were they already there?

Mr. O'DWYER. They were.

Mr. HALLEY. And you and Costello were apart all by yourselves for some time?

Mr. O'DWYER. That's right.

Mr. HALLEY. Why was Sherman there?

Mr. O'DWYER. That I don't know.

Mr. HALLEY. Had you asked him to be there?

Mr. O'DWYER. I don't recall.

Senator O'CONOR. I would like to ask right there, Mr. O'Dwyer, whether Costello indicated to you that he had any knowledge of what you were coming for or what the topic of conversation was to be.

Mr. O'DWYER. Apparently he didn't have any knowledge of what I was coming there for but he spoke very freely and the things he told me, No. 1, that he knew Baker, knew him very well, and that he had no interest in his business, but that he knew him.

Senator O'CONOR. Did he seem to be at all surprised that you were taking up with him, Costello, this particular matter of Army business?

Mr. O'DWYER. No; I didn't notice any surprise.

Senator O'CONOR. Well, just what did he say?

Mr. O'DWYER. Just what I said, Senator: That in effect he knew Baker, knew him very well, had no interest in his contracts and had no interest in any Air Corps contracts. I remember that I told him that the Air Corps just didn't want anyone having contracts in Wright Field unless they were legitimate right people.

Senator O'CONOR. And what did he say to that?

Mr. O'DWYER. Nothing. He just said, well, that was all right.

Senator O'CONOR. Was anything further said by you, then, as to——

Mr. O'DWYER. Generally, I would say "No." There was a good deal of conversation. There must have been 15 or 20 minutes' conversation, in which we went around, around and talked about it, but that was the substance of what the conversation was.

Senator TOBEY. Did you ask him to do anything definitely?

Mr. O'DWYER. I did not, sir.

Senator TOBEY. And when you went to see him, you were conscious of the fact that he was a gangster, weren't you?

Mr. O'DWYER. I was conscious of the fact that he had a reputation for being an outstanding bookmaker, a big one.

Senator TOBEY. Had you ever heard him referred to as the prime minister of the underworld?

Mr. O'DWYER. At that time I did not.

Senator TOBEY. You didn't ask him to do anything?

Mr. O'DWYER. No.

Senator TOBEY. Let me give you a little parallel, an amazing parallel, not on all fours of course; but you went to see Costello because of the scandal up in the aviation end of it, as I understand it; is that right?

Mr. O'DWYER. A complaint, rumors; yes, a complaint and rumors.

Senator TOBEY. And you went to see him and you just asked him how he knew, but you didn't ask him to do anything.

Mr. O'DWYER. No.

Senator TOBEY. Now, we had a witness here the other day, and I wonder if you are familiar with his testimony. He ran a race track out here called the Roosevelt Raceway, and some bookies had the temerity to come on the track, and he wanted to get them out of there because he was going to lose his charter if he didn't get them out of there. So he too went to this Frank Costello's home and knocked on the door, went in and said, "Hello, Frank." "What can I do for you?" "I want to get my bookies out of the raceway." He said, "How can I do anything?" "Well, I will take it on faith," so to speak.

And he went ahead, ergo, paid him \$15,000 a year for 4 years, \$60,000, and the bookies disappeared. And when I asked Mr. Costello what he did for the \$60,000, he said "I didn't do a damn thing."

The interesting parallel—it isn't on all fours—is that here are prominent men seeking their way to Mr. Costello for diverse objectives, and in one case he delivered the goods and got \$60,000, in which he didn't do a damn thing, he said; and in the other case, you were involved in an Army scandal, and you went to see Costello and asked

him if he knew a man named Baker; was that the extent of your request?

Mr. O'DWYER. Not in that alone, but was he interested in our Air Corps contracts.

Senator TOBEY. Was he interested in that himself?

Mr. O'DWYER. Yes.

Senator TOBEY. That is all.

Mr. O'DWYER. What was the question, Senator?

Senator TOBEY. The question was as an observation to you, to enlighten you as to the scope of Costello's influence, and the quid pro quo in one case and not in the other.

In one case, he does nothing for \$60,000, and in your case, Moran took you to see him about Baker, and he said he did.

There is the place that you go to see him. It almost seems to me as though you should say, "Unclean, unclean," as the old Romans practiced it, and that you would leave him alone as they do a leper.

But you trot up to his place and do business with him——

Mr. O'DWYER. I do business with him?

Senator TOBEY. Not you, but this gentleman, George Morton Levy, to the tune of \$60,000.

Mr. O'DWYER. Well, I don't know Mr. Levy.

Senator TOBEY. Well, I think that incident will strike you as amazing, as it did me, the Levy incident.

Mr. O'DWYER. You have bookmaking all over the country. They say there is a lot of it in New Hampshire, too—thirty million a year.

Senator TOBEY. Well, I have never seen it proved.

Mr. O'DWYER. Well, it has been in the papers.

Senator TOBEY. Yes; a lot of things——

Mr. O'DWYER. And they say every New England bookmaker of any account spends him summers right in Bretton Woods, in New Hampshire.

Senator TOBEY. Is that so?

Mr. O'DWYER. That is what they say, and it is written in your papers up there.

Senator TOBEY. I never heard that before.

Mr. O'DWYER. Do you want me to read it from the Manchester Union?

Senator TOBEY. You can send it to me, special delivery.

Mr. O'DWYER. Yes; I will.

Senator TOBEY. And I will submit to you that I never believe anything I see in the Manchester Union. There is no one less deserving of the name of editor than the man who edits that paper. That is not the Bible to quote to me, sir.

Mr. O'DWYER. Well, sir, I will tell you this: It wasn't written by the editor of the Manchester Union, Mr. Loeb——

Senator TOBEY. Don't mentioned his name.

Mr. O'DWYER. Or your recent opponent, Mr. Powell——

Senator TOBEY. Don't mention his name either, please.

Mr. O'DWYER. It was written by Ted Williams.

Senator TOBEY. Who is he?

Mr. O'DWYER. A sports writer from the Telegram.

Senator TOBEY. Isn't he an outfielder for the Boston Americans?

Mr. O'DWYER. I don't know about that. That is what they wrote: Thirty million worth of bookmaking in your State.

Senator TOBEY. I should put an asterisk after that: "Important, if true."

Mr. O'DWYER. Well, all investigations have to be objective, and that is to find out what is true.

Senator TOBEY. That's right. That's why we are here.

Mr. O'DWYER. All right, sir. So that it might be a good idea to await judgment on any investigation until it is over.

Senator TOBEY. Well, we haven't a Costello in New Hampshire.

Mr. O'DWYER. Well, I wonder.

Senator TOBEY. I don't, at all. There is only one, and he reigns in New York.

Mr. O'DWYER. And I wonder who the bookmakers in Bretton Woods support for public office in New Hampshire?

Senator TOBEY. Well, I will tell you one that they did not support, and he is talking to you now.

Mr. O'DWYER. And I can tell you that you don't know who supports you, because you sent here for money to help you in your primaries and your election, and you got it, and you don't know where it came from.

Senator TOBEY. I didn't send to New York——

Mr. O'DWYER. You called up——

Senator TOBEY. Well, I didn't get any——

Mr. O'DWYER. Well, would you like to go into that?

Senator TOBEY. Yes, I would. I challenge you.

Mr. O'DWYER. All right.

Is there a Mr. Rosenblatt in the room?

Is there a Mr. Rosenblatt here?

(No response.)

There was an organization down here that went out to beat Pat McCarran in Nevada, and the story circulated down here that you called up on the long-distance telephone to get the help, and that you got the money.

Senator TOBEY. That is not true. I never called anybody in New York for contributions in my campaign.

Mr. O'DWYER. Well, I am under oath, and you aren't, sir.

Senator TOBEY. I will take the oath right now, if you will give it, Mr. Chairman.

I hate a fourflusher.

Senator O'CONOR. I think the chair will have to call to order and submit that the witness continue with the statement that he was making previously.

Mr. HALLEY. Can we get back to Mr. Baker?

Mr. O'DWYER. Yes.

A little later on—I imagine about February or March—I ran across an independent case against Mr. Baker.

Now, Mr. Baker was admitted to me by Costello to be his friend, and I found Mr. Baker and Mr. Till—I found that under the name of Waver Shoe Co.—they had a contract with us at Wright Field. They also said that they were able to perform, which was not true. They had no machinery, no personnel, and they didn't have know-how.

But they did find out a man whose name I don't recall, who had a factory in New Jersey, and who had the machinery, but he had been barred from Wright Field for some other purpose.

Mr. HALLEY. Rockmore?

Mr. O'DWYER. It might be Rockmore; yes.

I had a conversation with Rockmore down here. I think it was in an office in the old Sun Building. And I also had a full statement from him, verbally, in which he indicated to me that Baker and Till had come to him; they wanted him to make 35,000 shirling coats; that there was a certain price that he wanted, but that they had a certain price on their contract. If I recall, it was \$9 a unit; that they insisted that he make, that he go through with that contract for them and give them a profit of \$1 a unit without turning a machine.

I went into our local office at 225 Broadway, and I made the kind of a general memorandum of what it was.

Now, Mr. Dolan came in at that point, and he took my memorandum as the basis; and on that basis he turned it over to a man named Glynn, who was an investigator in that office. And at some time later, Glynn completed his report, and they barred Till and Baker from any further business with Wright Field; and they never did any further business with Wright Field.

Mr. HALLEY. Did you personally ever go to see Baker?

Mr. O'DWYER. No. I turned that over to the local office.

Mr. HALLEY. Why did you personally think it necessary to see Costello?

Mr. O'DWYER. Because his name was mentioned. The rumors were mentioned that Costello had an interest in—that Costello was permitting the use of his wire between Wright Field and the Chatham Hotel.

Mr. HALLEY. What was there about Costello that demanded your personal attention as contrasted to Baker, who did not?

Mr. O'DWYER. I felt I could get the information as to whether or not he was doing any business with Wright Field.

Mr. HALLEY. Now, Costello—

Mr. O'DWYER. I knew he had money. I knew he was the one who would finance it, if anyone did.

Mr. HALLEY. Costello, in his executive testimony before this committee in closed session, said that when you went to see him and asked about Baker, it all came to nothing, because the Baker you were inquiring about was not the Baker he knew.

Was he telling us the truth, or was he wrong?

Mr. O'DWYER. I haven't read the report of Mike Glynn, but that report is somewhere in the Procurement Division.

Mr. HALLEY. You went to see Costello yourself?

Mr. O'DWYER. Yes.

Mr. HALLEY. Did he admit knowing this Baker?

Mr. O'DWYER. A Joe Baker.

Mr. HALLEY. Joe Baker?

Mr. O'DWYER. A Joe Baker.

Mr. HALLEY. And did he admit knowing Joe Baker?

Mr. O'DWYER. Yes.

Mr. HALLEY. And was he helpful; was the Joe Baker you were interested in the one he knew?

Mr. O'DWYER. I assumed that he was.

Mr. HALLEY. Was he able to give you any useful information?

Mr. O'DWYER. No; until Glynn made the investigation and found out just what happened.

Mr. HALLEY. You certainly didn't just go to see Costello to see if he knew a Joe Baker. What else did you go to find out from him?

Mr. O'DWYER. Joe Baker.

Mr. HALLEY. Joe Baker? Well, what about Joe Baker?

Mr. O'DWYER. Joe Baker, a Joe Baker that had a contract with Wright Field. The Joe Baker know Costello. A Joe Baker that didn't have a good reputation.

Mr. HALLEY. Well, the Joe Baker that had the contract with Wright Field was the Joe Baker that knew Costello, was he not?

Mr. O'DWYER. That's right. It turned out that way.

Mr. HALLEY. Didn't it turn out that way when you went to see Costello?

Mr. O'DWYER. Costello knew a Joe Baker; yes.

Mr. HALLEY. Didn't he know the Joe Baker you were talking about?

Mr. O'DWYER. I didn't know the Joe Baker at that time. I knew the name was Joe Baker, and Costello said he knew a Joe Baker.

Mr. HALLEY. Well, Sherman was able to help you on that, was he not?

Mr. O'DWYER. He was.

Mr. HALLEY. He was able to tell you about Joe Baker?

Mr. O'DWYER. He was; and later on did.

Mr. HALLEY. And Sherman was a friend of both Baker and Costello?

Mr. O'DWYER. That is right.

Mr. HALLEY. And so it should not have been very difficult to know that the Baker—that Costello knew a Joe Baker?

Mr. O'DWYER. That's right.

Mr. HALLEY. Why didn't you go to the Joe Baker who was doing those things and try to find out about it?

Mr. O'DWYER. Because I wanted to wait until we got a straight case on Mr. Baker. And we got it; and we barred him from Wright Field.

Mr. HALLEY. But at that point what did you need Costello for?

Mr. O'DWYER. Well, now, look, haven't we three times said that there were rumors that Costello himself was interested, that there were rumors and that there was a letter? Didn't we say that three times?

Mr. HALLEY. Yes; but I don't understand——

Mr. O'DWYER. How long are you going to ask the same questions over again, Mr. Halley?

Mr. HALLEY. You have now a serious investigation involving a Joe Baker and a Randolph Till.

Mr. O'DWYER. And a Frank Costello.

Mr. HALLEY. And a rumor that a Frank Costello might know Joe Baker?

Mr. O'DWYER. Not "a Frank Costello"; that the Frank Costello——

Mr. HALLEY. That the Frank Costello might know Joe Baker?

Mr. O'DWYER. I knew where to get the Frank Costello without any trouble.

Mr. HALLEY. Well, there was no problem getting the Joe Baker; he had to do with a certain shoe company or coat company with Randolph Till?

Mr. O'DWYER. I didn't know that until along toward February.

Mr. HALLEY. Did you ask Frank Costello where to get his friend Joe Baker?

Mr. O'DWYER. No; I didn't want Joe Baker until I had a direct case on him.

Mr. HALLEY. I don't understand, then, what Frank Costello was supposed to do to help.

Mr. O'DWYER. Well, you can get awfully confused about a thing. Here is a man that I knew where he could be reached and I got to him, talked to him and, No. 1, I found two things from him: that he didn't have any contract with Wright Field; that he didn't have any business with Joe Baker. I got that much. But that there was a Joe Baker that he knew and he did not know whether or not he had business with Wright Field.

Now, later on, a couple of months, I found out. Now, what is the mystery in this? Here I was assigned by General Echols to clean this thing up and make sure that clean boys did business with Wright Field. I found out.

Mr. HALLEY. Why didn't you call down Frank Costello to your Air Corps office?

Mr. O'DWYER. That would have been about as——

Mr. HALLEY. Downtown on Whitehall Street and say, "Do you know Joe Baker?"

Mr. O'DWYER. The Senate committee had subpoena powers and investigators. A major in the Army, or a lieutenant colonel, as I think I was then, as such I didn't have subpoena powers and I didn't have the men to go out and do the leg work. I also knew that the direct way of doing the thing was the right way to do it, and I know it now as well as I knew it then, that was the right way to do it.

Mr. HALLEY. Well, would it be more direct to——

Mr. O'DWYER. I wasn't thinking of politics at that time.

Mr. HALLEY. Would it be more direct to go up to his home or to ask him to come down to the office of the Air Corps?

Mr. O'DWYER. Well, who would do that?

Mr. HALLEY. You would pick up the telephone and ask him, wouldn't you?

Mr. O'DWYER. Mr. Halley, do you realize the kind of a job that I had? I explained that to you.

Mr. HALLEY. Well, I saw you in action.

Mr. O'DWYER. I believe in direct action, and I did not think of politics and I didn't think it would be used in politics later on, and for your information, if I did think it, my job in the Army was mighty important when these youngsters were getting killed overseas, and I did not hesitate to go there, and I would not hesitate again if it helped my investigation.

Mr. HALLEY. I don't see what your going there had to do with stopping youngsters from getting killed overseas or what that had to do with the thing. Now, I do not want to engage in a dispute over your motives, but I am trying to get for this committee the facts.

Mr. O'DWYER. The fact is, I went there, and the reason I have explained.

Mr. HALLEY. Can you state why you were not able to ask him to come down to your office in the Air Corps?

Mr. O'DWYER. That would be ridiculous. He wouldn't come.

Mr. HALLEY. Did you try?

Mr. O'DWYER. I did not.

Mr. HALLEY. Did you ask Sherman to ask him to come?

Mr. O'DWYER. I did not.

Mr. HALLEY. Did you make any attempt to interview Joe Baker, any Joe Baker?

Mr. O'DWYER. I did not, until I got a case on him.

Mr. HALLEY. Even then, did you interview Joe Baker?

Mr. O'DWYER. I did not. I turned it over to the local district to do, and they did it.

Mr. HALLEY. Now, when you arrived at Costello's house and phoned the leader of Tammy Hall there and Mr. Stand, who I believe was secretary of the executive committee, and Irving Sherman, did you feel embarrassed?

Mr. O'DWYER. Sherman may have come with me. I don't know.

Mr. HALLEY. You were not embarrassed?

Mr. O'DWYER. Embarrassed?

Mr. HALLEY. Yes, by any political implications because of the presence of those particular people at this place where you were going to have a conference.

Mr. O'DWYER. Do you live in Manhattan?

Mr. HALLEY. Yes.

Mr. O'DWYER. Nothing embarrasses me that happens in Manhattan.

Mr. HALLEY. I never found myself in a meeting with those gentlemen or with Mr. Costello.

Mr. O'DWYER. I know.

Mr. HALLEY. So I can't trade thoughts on that subject.

Mr. O'DWYER. All right.

Mr. HALLEY. But try, really, to get down to the basic facts. You remember, Mr. O'Dwyer, that during the war days I personally had some opportunity to see the manner of your operations for the Air Corps.

Mr. O'DWYER. That's right. You saw it in a different direction. You saw it in the case of engines, the 2,600 engines at Lockland, Ohio.

Mr. HALLEY. Which the Truman committee investigated quite thoroughly.

Mr. O'DWYER. That's right. And so did I.

Mr. HALLEY. And the Truman committee thought you whitewashed it in fact; do you remember?

Mr. O'DWYER. Well—

Mr. HALLEY. We had quite a dispute about it.

Mr. O'DWYER. Well, I'll tell you; there was a good deal of quibbling, lawyers' quibbling; but the Lockland, Ohio, case was investigated after I completed mine by nine FBI men and by two special men from the Department of Justice in the not 3 or 4 weeks, that I had with four or five men, but from almost May to November, and they presented all of the evidence for 6 weeks in Cincinnati, Ohio, and they didn't come out with a single indictment. So it doesn't make much difference what the committee thought about it.

Mr. HALLEY. Well, there were a lot of very defective engines, you may remember, we found in the warehouse. But we are getting astray now.

Mr. O'DWYER. Any time you take an engine of 900 horsepower and build it up overnight to an 1800 horsepower, you are bound to have

defects. You know that the master gear was weak, and so did they. But you had nothing else to send overseas.

Mr. HALLEY. We better not fight that one out again. We fought that out quite extensively.

Mr. O'DWYER. Well, you brought it up.

Mr. HALLEY. But the question was. Didn't you at that time have a large number of assistants and a staff who did a lot of the work for you?

Mr. O'DWYER. When?

Mr. HALLEY. At the time of the Lockland investigation.

Mr. O'DWYER. At the time of the Lockland investigation, which, if you recall, was about 4 months after the date that you are talking about, I was taken off clothing, and all that kind of business, and assigned to the investigation of manufacturing. The first thing that I was assigned to do was to make an investigation of the Knudsen investigation, which was done by arrangement with the Under Secretary of Air, Mr. Lovett, by agreement with the Truman committee.

And I made that investigation. I was questioned by Mr. Hugh Fulton, your partner, right in behind locked doors—and, incidentally, I read all about it the following day in the columns—but it was secret. And I justified my report. And not only did I justify my report, but the grand jury in Cincinnati, Ohio, justified it, too.

Mr. HALLEY. You may remember the committee disagreed in its report—again we are just getting off into—

Mr. O'DWYER. What are you talking about—a whitewash?

Mr. HALLEY. Isn't the question, rather, that you did have a staff available, when necessary, to do a job?

Mr. O'DWYER. I selected five or six men to take them out of the district to go out and do the job; yes.

Mr. HALLEY. Couldn't you use any men on this particular Costello job except yourself?

Mr. O'DWYER. We did use them. We used them for the actual investigation and the report.

Mr. HALLEY. But did you feel that it was necessary for you to ask Costello if he knew a Joe Baker?

Mr. O'DWYER. I did, yes.

Mr. HALLEY. When he said he knew a Joe Baker, and he said he had nothing to do with him, there was no other question you had to ask him?

Mr. O'DWYER. Not at that time.

Mr. HALLEY. Did you ever ask him any further questions?

Mr. O'DWYER. No.

Mr. HALLEY. I believe you saw him a second time.

Mr. O'DWYER. I said I believed I saw him a second time.

Mr. HALLEY. Now, he was absolutely sure that he had only seen you once in his life, when he testified.

Mr. O'DWYER. He could be right.

Mr. HALLEY. When he testified at the executive session.

Mr. O'DWYER. He could be right.

Mr. HALLEY. But you seemed quite sure, when you testified before the grand jury, that you saw him twice.

Mr. O'DWYER. That was the impression I had.

Mr. HALLEY. And would you try to remember the second occasion that you saw Mr. Costello?

Mr. O'DWYER. I have tried to remember it. I cannot give you any details. It was just an impression I had—that I had been there twice.

Mr. HALLEY. You remember there was just no doubt in your mind; that came up on several occasions.

The question was:

Now, I have asked you about Frank Costello. Do you know the man?

And the answer was:

Yes.

Question: Have you met him, Mr. O'Dwyer?

Answer: Yes.

Have you visited with him?

Answer: I visited his home with him twice, I believe.

Question: Was it in connection with any matter affecting your office?

Answer: It wasn't while I was in the office, in the district attorney's office. It was at a time when I was in uniform, and I went there with the knowledge of my superiors on a matter that I was investigating and which did not end up too well for his friends that I was investigating.

By the way, did your superiors in the Army actually have knowledge you were going there?

Mr. O'DWYER. Colonel Tracy Richardson in this district knew.

Mr. HALLEY. He knew?

Mr. O'DWYER. He knew.

Mr. HALLEY. And did anyone else know about it?

Mr. O'DWYER. I spoke freely about it.

Mr. HALLEY. Then it says here you were there on two separate occasions. What was the second?

Mr. O'DWYER. I said I believed I was there twice.

Mr. HALLEY. No. The next question was: "On two separate occasions?" You said, "Yes." And the question was, "What was said?" You said, "That was in 1942. The last time I saw Costello was in December 1942."

Mr. O'DWYER. That's still correct.

Mr. HALLEY. That was still correct. But you don't remember the occasion of your second visit?

Mr. O'DWYER. The circumstances of the second visit—it's just an impression that I saw him twice. But I do not remember the details.

Senator O'CONOR. Before we leave that, Mr. Halley, may I just ask this question?

Mr. O'Dwyer, you stated before that in explanation of why you went to see Costello rather than to have Costello come to see you—we understood you to say he would not come?

Mr. O'DWYER. No; I didn't ask him to come.

Senator O'CONOR. I know you didn't ask him.

Mr. O'DWYER. I assumed he wouldn't come.

Senator O'CONOR. Why did you assume he wouldn't come?

Mr. O'DWYER. He didn't have to come.

Senator O'CONOR. But why do you think he wouldn't have come willingly?

Mr. O'DWYER. Any time you are making an investigation, Senator, you are only sure that they will come, if you are sure at all, when you can have a subpoena power.

Senator O'CONOR. In other words, did you rather think you were dealing with a hostile person?

Mr. O'DWYER. I assumed he might be; and I also had very little time in this neighborhood, when I came; and the quickest, the most direct way to do it was to go and see him.

Senator O'CONOR. The reason I asked you the question is you did, of course, consider him in that light, and yet when you asked him the bare question as to whether he was interested in the Baker contract, you accepted his answer of "No" without question.

Mr. O'DWYER. No.

Senator O'CONOR. What—

Mr. O'DWYER. I accepted his answer for the time being, but the later investigation went further into that.

Senator O'CONOR. Go ahead, Mr. Halley.

Mr. HALLEY. Perhaps this will refresh your recollection: You testified that Sherman was present, and I will quote, "At one of them"—one of the two meetings—"he was present."

Mr. O'DWYER. That's the one I had in mind.

Mr. HALLEY. Now, you must have had another one in mind at that time. Are you completely unable to remember it?

Mr. O'DWYER. No. I am satisfied that what I said—that Sherman was there, in my opinion. It was the first time I was referring to—the one that we are talking about at the time that I was referring to.

Mr. HALLEY. Now, did you take Sherman there in the hope that he could help?

Mr. O'DWYER. I don't recall what the reason was. How much help did I need?

Mr. HALLEY. I don't see where you needed any.

Mr. O'DWYER. I just wanted to talk to him, to find out what he knew about contracts—how about his friend Baker, the rumor there was circulating around that he had a friend named Baker and that Baker was doing business.

Mr. HALLEY. You were very busy, you say. You wanted to rush up there and get it done; but all you wanted to do was to know if he had a friend named Baker, which Sherman had already told you.

Mr. O'DWYER. Sherman had not told me at that time.

Mr. HALLEY. Why didn't you ask Sherman?

Mr. O'DWYER. Sherman told me later.

Mr. HALLEY. You could have asked Sherman if he had a friend named Baker.

Mr. O'DWYER. Oh, Mr. Halley, you are an experienced investigator. You have been doing it for a long time. I wanted to talk to Costello about it, find out what he said. What's wrong with that?

Mr. HALLEY. I don't know what you wanted to talk to Costello about, except to find out if he knew a man named Baker and if he was in the war-contracts business, which would seem to me to be, since you have referred to the fact that I have been an experienced investigator, about the last thing I would do in an investigation rather than the first—to tip my hand off to Frank Costello.

Mr. O'DWYER. Well, I have been more successful.

Mr. HALLEY. I have done all right, too, thank you.

Now, in any event we have still one other problem at the outset, and that is Moran's theory that he got this anonymous letter—

Mr. O'DWYER. And that, I think, is true.

Mr. HALLEY. That you asked him to arrange the meeting and then, for some reason, he saw fit to arrange the meeting through Mike Kennedy, the leader of Tammany Hall.

Mr. O'DWYER. I won't swear to who made the contact. It's my impression that Sherman did.

Mr. HALLEY. Well, that would explain Sherman's presence there; but, you see, that explains Sherman's presence, and Moran's story explains Kennedy's presence. But I am trying to find some way to explain the presence of both of them at a purely private meeting.

Mr. O'DWYER. You will have to get some other witness for that. I didn't know anything about it.

Mr. HALLEY. It was your conference with Costello—

Mr. O'DWYER. I had nothing to do with Kennedy being there, or anyone else.

Mr. HALLEY. Of course, if Moran arranged it through Kennedy, it wouldn't be a surprise to find Kennedy there.

Mr. O'DWYER. Well, why would that be necessary to eliminate the element of surprise?

Mr. HALLEY. Well, Stand has testified—and I might as well give you the benefit of the testimony about it all—Stand has testified—

Mr. O'DWYER. If it is a benefit.

Mr. HALLEY. Well, it helps to know all the available facts.

Mr. O'DWYER. I mean if it's of benefit to me, what Stand says.

Mr. HALLEY. Let's see, and then you will know.

Mr. O'DWYER. All right.

Mr. HALLEY. Stand says he picked Kennedy up at some bar—I think the St. Moritz—and Kennedy said, "Come on, we have to go up to Frank Costello's," or words to that effect. And they went up there. Apparently it appeared from Stand's statement that Kennedy had some reason for expecting to go there.

Mr. O'DWYER. He may have.

Mr. HALLEY. Now, what I am trying to find out is why Kennedy would have been there.

Mr. O'DWYER. I don't know.

Mr. HALLEY. Was there any political talk?

Mr. O'DWYER. None.

Mr. HALLEY. And there was some private talk between you and Costello?

Mr. O'DWYER. Yes.

Mr. HALLEY. You walked off to a side?

Mr. O'DWYER. Yes.

Mr. HALLEY. And then after you finished with him, did you immediately go, or did you sit around and talk?

Mr. O'DWYER. I talked a little to Congressman Kennedy, yes—general light chatter, nothing more.

Mr. HALLEY. For a little while; is that right?

Mr. O'DWYER. Not too long—5 or 10 minutes, perhaps.

Mr. HALLEY. And then you and Moran left?

Mr. O'DWYER. We left.

Mr. HALLEY. Did Sherman leave with you?

Mr. O'DWYER. I don't know. I forget that. I know Moran left with me. And no one came in and no one left while I was there. They were all there when I left.

Mr. HALLEY. Why was Sherman there?

Mr. O'DWYER. Well, there wasn't any particular reason.

Mr. HALLEY. Now, if you had a second meeting with Costello, you don't remember what it was for?

Mr. O'DWYER. No. It would be on the same subject, if I had. Because it was around that time—my recollection is that it was around that time.

Mr. HALLEY. It is possible that you had a second meeting?

Mr. O'DWYER. That is possible.

Mr. HALLEY. Also at Costello's house?

Mr. O'DWYER. Yes.

Mr. HALLEY. Could it have been at the office of a Dr. Hoffmann?

Mr. O'DWYER. Never in the office of a Dr. Hoffmann. Is that the psychiatrist that we read about?

Mr. HALLEY. Yes.

Mr. O'DWYER. Never had the honor of meeting Dr. Hoffmann.

Mr. HALLEY. Or of being in his office?

Mr. O'DWYER. Or being in his office.

Mr. HALLEY. So that if there was a second meeting, as you thought there was, in 1945, it also was at Costello's house?

Mr. O'DWYER. It would be; yes.

Mr. HALLEY. And you saw no impropriety in your going to his home?

Mr. O'DWYER. None whatsoever; and don't see it now.

Mr. HALLEY. You were aware of his reputation?

Mr. O'DWYER. Of course.

Mr. HALLEY. Now, did you, on any other occasion—we might as well get rid of that subject now—either privately or in a group, meet with Frank Costello?

Mr. O'DWYER. I have no recollection of meeting him before that occasion that I am speaking to you about.

Mr. HALLEY. Or after that occasion?

Mr. O'DWYER. Or after that occasion. Except that there was a possibility I was in his home a second time.

Mr. HALLEY. Now, except for that second meeting in his home, about which I presume you remember nothing?

Mr. O'DWYER. No.

Mr. HALLEY. There were no other meetings between you and Frank Costello?

Mr. O'DWYER. No.

Mr. HALLEY. At any time up to today?

Mr. O'DWYER. I have no recollection of ever having met him before, nor since.

Mr. HALLEY. Have you any recollection of ever having had any telephone conversations with him?

Mr. O'DWYER. No.

Mr. HALLEY. Now, I think that is all the questions I want to ask about Baker at this time.

So, would you continue with what you were telling the committee.

If that finishes up the Army phase, I think we are ready now to get into the period during which you were mayor.

Senator O'CONOR. In other words, that does complete that end of it; does it, Mr. Ambassador?

Mr. O'DWYER. Yes, sir.

Let me see——

The CHAIRMAN. Senator O'Conor.

Senator O'CONOR, Senator Kefauver.

The CHAIRMAN. As I understand Mr. O'Dwyer to say, he had a suite or an apartment at the Chatham Hotel?

Mr. O'DWYER. No, sir; I was never in it, to my recollection. You mean me or Costello?

The CHAIRMAN. Well, I thought you said you had one.

Mr. O'DWYER. No, sir. To my recollection, I was never in the Chatham Hotel.

The CHAIRMAN. What was it you said about Costello having a suite there?

Mr. O'DWYER. There was a wire that Costello had in the Chatham Hotel, and this officer in Wright Field was opposed to contact this Baker, or Till, over that wire.

The CHAIRMAN. You mean that Costello had a telephone number in the Chatham Hotel?

Mr. O'DWYER. That was the story that I got.

The CHAIRMAN. But you know nothing about whether he had a suite or what it was?

Mr. O'DWYER. No, sir; I don't.

The CHAIRMAN. You never were there?

Mr. O'DWYER. No, sir.

The CHAIRMAN. All right.

Mr. O'DWYER. Now, since the question of my Army work has come up, there is something that I would like to read into the record.

Sometime in 1944, I was assigned to the FEA by President Roosevelt; and on that assignment, as a part of it, I was assigned to the office of the head of the Economic Division of the Allied Control Commission in the Mediterranean, based in Rome.

There were certain conversations, or certain communications, between the President of the United States, President Roosevelt, and Judge Patterson, the Undersecretary of War, with regard to that assignment.

I would like to read that into the record to indicate what my superiors did think of the work that I did, based upon the assignment that I have described.

Is there any objection to that, gentlemen?

Senator O'CONOR. Well, I don't know of any objection, Mr. O'Dwyer. But I repeat what I said before: that you do not have to justify your Army service.

Mr. O'DWYER. I would like to do it for the benefit of 2,500,000 people that are listening and looking in, sir. And also I think that the committee ought to have the value of it.

Senator O'CONOR. We are very anxious to have it; but would ask that you just summarize, if you will, and give it to us.

Mr. O'DWYER. It is very short, sir.

Senator O'CONOR. All right.

Mr. O'DWYER. Now, this is a letter addressed to me by the President of the United States, Franklin Delano Roosevelt:

THE WHITE HOUSE,

Washington, February 24, 1944.

Memorandum for the Under Secretary of War:

This is an order to show cause, and you are probably outvoted to start with.

I honestly think that Col. William O'Dwyer can do relatively a more important job for the War Refugee Board at this time than in any other capacity. I want him to be under Stettinius, and to go over to Spain at once. I know no one else who could do as good a job.

This, 2 days later, was the answer of Judge Patterson to President Roosevelt:

FEBRUARY 26, 1944.

Memorandum for the President:

In answer to your order to show cause concerning Col. William O'Dwyer, I submit the following:

Bill O'Dwyer, I firmly believe, has done more than anyone else to prevent fraud and scandal for the Army Air Forces. His work consists in detecting cases of fraud, waste, and abuse in the production of airplanes and airplane parts.

This work is of the utmost importance and, both for production of aircraft and public morale, and I deem him the best-qualified man in the Army for it.

We have no one with his special skill to replace him, even temporarily.

In a Nation of 135,000,000, why deprive me of Bill O'Dwyer?

ROBERT P. PATTERSON,

Under Secretary of War.

And I also want to make a statement, gentlemen, that as recently as this fall, about September or October, the Army presented me with a Legion of Merit award for this particular work. So now, gentlemen, I am prepared with anything else you want to know.

Senator O'CONNOR. That now takes in the Army service?

Mr. O'DWYER. Yes.

Senator O'CONNOR. I think the next matter then that it was proposed to which you might address your attention is your service as mayor.

Mr. O'DWYER. Yes, sir. In 1946 I took office as mayor of New York City. In 1946 I found a city that during the war years had been without any great improvements. You couldn't have them; it was nobody's fault.

I found a police department practically depleted down to 14,000 or less than 15,000. I found the rising cost of living. I had to prepare to raise salaries.

I found, for example, when I was at the hospitals that the nurses were leaving in droves; that I found. I also found that it was necessary in our 27 plants in order to save the nurses, because we found at that time we had one nurse for 52 patients, and it was absolutely impossible to give the sick the service under that deal.

I found the transportation in bad shape. I want you to understand, gentlemen, that transportation in this city is of extreme importance. You can bottle up the city without it. You have cars in rush hours. Our subway transportation in this city calls for hauling 1,500,000 people between 7:30 in the morning and 9, and the same people back between 4:30 and 6 at the rate of 1,600 people to an express train passing Grand Central and Times Square bottlenecks at a rate of one train in less than 2 minutes. A crash there would be bad; it would be horrible.

I had to get not just 75 new cars; I had to get 75 new trains of 10 cars each.

Senator O'CONNOR. Mr. O'Dwyer, do you think that this will lead up to something pertaining to the committee's jurisdiction?

Mr. O'DWYER. Except, sir, that it will show that I had to build 52 schools in my 4 years; that I had to make arrangements for the cleaning up of a polluted harbor; that I had to extend stations and make improvements; and that there were hundreds and hundreds of millions of dollars that had to be spent to make this city livable when I took over in 1946.

Senator O'CONOR. I don't think anybody will dispute, Mr. Mayor, the work of the mayor of this great city, the greatest of cities.

Mr. O'DWYER. It should be, sir, of great importance to this committee to know the type of people that I appointed and where I found them.

For example, I found the welfare department completely in the hands of Communists. And where did I get the man that helped to clean that up?—Springfield, Ill.

In the case of health, I got Harry Mustard, from Columbia.

In the police department, which is the one you would be interested in, I accepted from the late Mayor LaGuardia a man that I thought was top-flight, was honest, and I still think so, and that was Arthur Wallander. The chief inspector of that department was the late Martin Brown, and when he died I permitted and agreed with Wallander that the next best man would be our present chief inspector, Gus Flath.

Now I would like to go into matters that would take a long, long time, but I realize that that isn't fair to the committee. I would like to cut it short and say that we have had investigations in this city over the years; we have had many of them, and every one of them has done some good. For example, one of the investigations of about 20 years ago, I think, was the Seabury, and afterward the Amen investigation, in Brooklyn. We found that the main offenders were contractors, taking advantage of the taxpayers.

We also found, in later investigations, or maybe in those, that the politician had gotten into the various departments. In fact, we thought that they were the commissioners. And from all of these things there was a lesson to be learned, and I applied those lessons as far as I could.

For example, gentlemen, I went down to see Commissioner Bob Moses in Long Island before election, and I asked him would he stay on as the coordinator of all our contracting work, all of our construction work. He told me he was voting for my opponent; was going to speak for him.

"Well," I said, "that doesn't matter. I would like to have you anyhow," and he promised if I were elected that he would stay on.

One of the first things I did, based upon the lessons learned from committee investigations like this, was actually to get a law passed to make Commissioner Robert Moses the coordinator of all construction in the city. Up to the present time he is still there; and, despite the hundreds and hundreds of million of dollars' worth of construction that I was referring to, there hasn't been one scintilla of complaint.

Now a lot of people don't agree with Bob Moses, but there is one thing that Bob Moses does: He does a good job, and it has got to be done honestly. So that when I left New York City last fall there was a first-class job done in construction, a first-class program to be done; and, as far as anybody ever heard, there wasn't a single thing happened that went wrong.

Senator O'CONOR. Do any members of the committee want to ask the witness any questions on this phase of the subject matter? Are there any questions?

Mr. HALLEY. I think it might be best if Mr. O'Dwyer finished his statement.

Senator O'CONOR. All right.

Now, the next of the matters you desire to direct attention to?

Mr. HALLEY. I think Mr. O'Dwyer wants to tell us about the relationship between crime and politics; did you not?

Mr. O'DWYER. Well, ask me questions on that, because we might be here for a long, long time.

Senator O'CONOR. Mr. Halley, will you, then, take up the interrogation?

Mr. HALLEY. You have, at least once, and I think probably more often, directed attention to what you have called "a sinister influence in Tammany Hall," and I wonder if you could tell the committee about that.

Mr. O'DWYER. The sinister influence on Tammany Hall?

Mr. HALLEY. In Tammany.

Mr. O'DWYER. Or of Tammany Hall?

Mr. HALLEY. Put it in your own way.

Mr. O'DWYER. That last word—

Mr. HALLEY. You spoke of "sinister influence," and I wondered what you had in mind.

Mr. O'DWYER. Well, I will tell you: When I ran in 1945, when I was nominated, the first thing—oh, I should explain this to the committee, because not all of you are very familiar with New York, I am sure.

The Democratic Party in this city, and the Republican Party, are divided into their various county groups. We have got five counties.

Outside of Richmond, which is Staten Island, they are nearly all of equal size, except Brooklyn, which is the biggest of them all. That is Kings County.

Now, you have the Bronx, Queens, Brooklyn, Manhattan, and Richmond.

Gentlemen, in my time, I never heard of anything sinister or low except the run-of-the-mill politics generally; but nothing organized, in the Bronx, in Queens, in Brooklyn, or in Staten Island. But, God help any candidate who runs for city-wide office with the backing of Tammany. Tammany can ruin him, just by having their support.

Now, there is trouble in that which can be reasonably explained. Over here the leaders in this county, the leaders are not directly elected by the people. They elect county committeemen or district committee men and women, and they, in turn, elect the leader.

So that the real democratic process that you have, especially in Brooklyn, where the people can have, every year and a half, an opportunity to go in and clean up, that does not exist in Manhattan.

Consequently, you have, every time there is a little argument between them, a situation where they rush as fast as they can to scream, "Gamblers, underworld, Costello," and you hear it all the time with their screaming.

When I ran—I was nominated at some time in the early summer of 1945, and I was about to get ready to put up a good fight—and it was a good fight, and I was elected by better than 670,000 votes, I think, as I recall it—it was better than that; I had plenty to spare. I had the support of the American Labor Party, and I was the nominee of the Democratic Party. The first thing I found them doing here in Manhattan was to have a quick meeting, and they nominated a man named Ennis, and refused the nomination to what I thought was a first-class district attorney, and that is Frank Hogan.

Well, that was my first clash with them.

I called up Frank Hogan, I think. There was an open statement in the papers that if they didn't retract that nomination from Ennis and give it to Frank Hogan, that I would take the stump in the primaries for Frank Hogan, and my first clash came before election.

They changed their minds. They went to work, fast, and they gave Hogan the nomination.

Mr. HALLEY. Well, isn't it a fact that you spoke to Ennis privately and he agreed that if you felt he should not run, he would withdraw?

Mr. O'DWYER. No; he said unless he was released by his supporters.

Mr. HALLEY. But he said he would go and ask them to release him?

Mr. O'DWYER. That's right.

Mr. HALLEY. I mean, simply in fairness to Mr. Ennis——

Mr. O'DWYER. Oh, yes. I mean, I deeply regret to do any harm or injury to the purposes of Mr. Ennis. Certainly, that is true.

Mr. HALLEY. That is true?

Mr. O'DWYER. But I explained to him what the situation was, and Mr. Ennis didn't want to be any part of it.

Mr. HALLEY. Well, who did you feel was behind the effort?

Mr. O'DWYER. Clarence Neal and Bert Stand.

Mr. HALLEY. And did you feel they were playing anybody's game?

Mr. O'DWYER. Well, I don't want to relieve them on any responsibility for the game. I felt that that was their own game. I felt that that was Neal's and Stand's game.

Mr. HALLEY. Well, let us put it right on the line. Did you feel there was any tie-up between Costello, Clarence Neal, Bert Stand, and Costello, and Tammany Hall?

Mr. O'DWYER. Why, they were screaming that in every newspaper.

Mr. HALLEY. What did you think?

Mr. O'DWYER. I believed that there was a connection.

Mr. HALLEY. Did you have any facts, and, if so, will you give the committee the benefit of them?

Mr. O'DWYER. Facts, in that kind of a case, where it is local, are difficult; but there was no question at all that in the Aurelio case, that Costello was interested.

Mr. HALLEY. Well, you can go behind the Aurelio case. It came out both in the Aurelio questioning and as a result of the wiretaps that led to the Aurelio case, that Costello had been the dominating factor in the selection of Congressman Mike Kennedy for leader of Tammany Hall; didn't it?

Mr. O'DWYER. Well, it came out that he spoke rather harshly to him and made him change his mind.

Mr. HALLEY. No; that was with reference to Aurelio.

Mr. O'DWYER. Yes.

Mr. HALLEY. But before that, there was a contest between Fay and Kennedy?

Mr. O'DWYER. I will have to be excused on that one, because I don't know the facts.

Mr. HALLEY. Well, did it never come to your attention that Costello obtained and was responsible for the selection of Kennedy as leader of Tammany Hall?

Mr. O'DWYER. I don't know how that happened. Frankly, I knew very little about them——

Mr. HALLEY. Well, I think we can bring that out through other witnesses.

Mr. O'DWYER. Excuse me on that, because I don't know.

Mr. HALLEY. We have that in our executive session.

To get along, then, you do know that Costello was sufficiently influential so that when Judge Aurelio's supporters were unable to put him across, they had to use Costello to influence Kennedy?

Mr. O'DWYER. That is my recollection. I was in the Army at the time, and I have to depend upon what I read in the newspapers.

Mr. HALLEY. And then you came back here and determined to rid Tammany Hall of its grip on New York politics; is that right?

Mr. O'DWYER. Well, I was a Democrat, and I would like to see every county in this city have a clean democratic organization; and there was plenty to be done with Tammany Hall to clean it up.

However, Mr. Halley, that was no more my business than it was your business or the people of this county; but I didn't shirk my share in it.

Mr. HALLEY. You were in an unusually good condition to do something effectively; were you not?

Mr. O'DWYER. Yes. We are all in politics. There were ways of helping out.

Mr. HALLEY. Now, you have referred somewhat disparagingly to Mr. Lipsky who testified earlier——

Mr. O'DWYER. No, no, not disparagingly. I just said that I hoped he gave you as much fun as he gave us over the years.

Mr. HALLEY. Was he a friend of yours over the years?

Mr. O'DWYER. I knew him very well.

Mr. HALLEY. A close friend?

Mr. O'DWYER. Since the time that I told you that he beat Louis Waldman for the Republican nomination.

Mr. HALLEY. And was there a period during which you saw him very, very frequently, just before your election in 1945?

Mr. O'DWYER. Not before the election. But after the election. I think it was after the election, when I moved down to Rockaway Beach; at that time.

Mr. HALLEY. He referred to a period when you lived five blocks away from him.

Mr. O'DWYER. It was more than that. But it was near enough.

Mr. HALLEY. And you would walk over to his home every night, and you would——

Mr. O'DWYER. No. I would stop on the way home.

Mr. HALLEY. You would sit around and chat, just relax?

Mr. O'DWYER. Once in a while; talk to him.

Mr. HALLEY. Was it quite often; two or three times a week?

Mr. O'DWYER. Yes. If the light was on in the house, I would stop for a few minutes.

Mr. HALLEY. Was he a credible man; I mean, do you believe him?

Mr. O'DWYER. I believed him until I read his testimony in the papers.

Mr. HALLEY. What part of his testimony did you not believe?

Mr. O'DWYER. Well, he talked about a conversation I had with Mrs. Roosevelt that I never had.

He talked about a conversation that I was supposed to send him on a special mission to Tammany, which I certainly didn't do.

I had my own way of handling it. Sending a message and asking those boys for a favor to commit suicide certainly wouldn't make sense.

Mr. HALLEY. Well, he said you threatened to starve them out, and you wanted somebody to carry the message to him.

Mr. O'DWYER. I told him what my intentions were. And there is no question at all that all you have to do is tell Charlie a little bit, and he is on a white horse, and he is off.

But for me to send him up there; no.

Mr. HALLEY. He also said that after he left there, he reported to you of a conversation he had with Stand, Neal, Costello, and others.

Mr. O'DWYER. Believe me, if he did, I haven't the slightest recollection of it.

Mr. HALLEY. In other words, you don't recall his reporting anything like that to you?

Mr. O'DWYER. No, sir; no.

Mr. HALLEY. In what other respects do you disagree with his testimony?

Mr. O'DWYER. Oh, he said something that you had to have Frank Costello's support to be nominated for mayor of the city or for city-wide office.

That isn't true. Because if you got Queens, the Bronx, Brooklyn, Staten Island, you were home in a gallop.

Mr. HALLEY. If you got them. But if you got into a three-to-two situation——

Mr. O'DWYER. There were occasions when this Tammany Hall would be important.

Mr. HALLEY. In fact, it was important in 1945; was it not?

Mr. O'DWYER. It could have been. But don't forget, what took the importance out of it, that when I was told I wasn't going to get the nomination, I said, "O. K., I will give you a primary fight." And the boys don't like that.

Mr. HALLEY. Now, you probably also read his testimony about Irving Sherman.

Was that accurate or inaccurate?

Mr. O'DWYER. What is that?

Mr. HALLEY. He testified that Sherman first was a good friend of yours.

Mr. O'DWYER. I met him about the time I went into the Army, and I saw a lot of him, and had him make inquiries for me. And he did help in a big way.

Mr. HALLEY. Well, he was more than an informant, was he not?

Mr. O'DWYER. Oh, there was a perfectly friendly arrangement.

Mr. HALLEY. Sherman was a friend, was he not?

Mr. O'DWYER. Perfectly, for me, while I was in the Army.

Mr. HALLEY. And after you got out of the Army?

Mr. O'DWYER. Not so much. I haven't seen him for several years.

Mr. HALLEY. Well, you continued to see him during the campaign, did you not?

Mr. O'DWYER. In '45?

Mr. HALLEY. Yes.

Mr. O'DWYER. Yes. I saw him a few times.

Mr. HALLEY. Was Lipsky in error when he testified that you told him that Sherman had been very helpful during the campaign?

Mr. O'DWYER. I imagine Sherman was helpful.

Mr. HALLEY. In fact, Lipsky went further and said that you said that you had a very great debt of gratitude to Sherman, that he had been extremely helpful.

Mr. O'DWYER. Well, the degree is another matter. I don't recall saying it.

Mr. HALLEY. But he was helpful?

Mr. O'DWYER. Yes, sure.

Mr. HALLEY. And you utilized what help he could give you?

Mr. O'DWYER. That is right. When you are running for office you will do the same.

Mr. HALLEY. Well, that remains to be seen. I haven't run yet. Now, you knew Sherman was a good friend of Costello's; did you not?

Mr. O'DWYER. That's right.

Mr. HALLEY. And you knew he was a good friend of Adonis?

Mr. O'DWYER. Yes.

Mr. HALLEY. Did you know his business, Sherman's business?

Mr. O'DWYER. He was working, when I knew him, all the time that I knew him, he was working for a shirt manufacturing company that had several factories and that was doing business with the Navy.

Mr. HALLEY. And he was also running some sort of a 5 percent business, was he not?

Mr. O'DWYER. I don't know.

Mr. HALLEY. Trying to get contracts of one kind or another?

Mr. O'DWYER. I don't believe that.

Mr. HALLEY. Well, he had some business in the early part of the war with Nat Herzfeld, did he not?

Mr. O'DWYER. I didn't know that they had any business. I know that he knew Nat Herzfeld, but I didn't know they had any business.

Mr. HALLEY. He was continuously in and out of Washington, wasn't he?

Mr. O'DWYER. That's right.

Mr. HALLEY. You would see him at the Mayflower, I believe?

Mr. O'DWYER. When I came to Washington, that is where I would find him. And don't forget, he didn't go looking for me; I went looking for him.

Mr. HALLEY. And you kept right on looking for him right through until after election in 1945?

Mr. O'DWYER. Every time I went to Washington I went looking for him; yes.

Mr. HALLEY. Did you keep on looking for him in 1945?

Mr. O'DWYER. No, no.

Mr. HALLEY. At that point he was looking for you?

Mr. O'DWYER. That time I came back from the Army, I came back from Italy, I was assigned to the War Refugee Board. But I met him several times; yes.

Mr. HALLEY. Did you ask him to help in your campaign, or was that his own idea?

Mr. O'DWYER. That was his idea.

Mr. HALLEY. Was he also a friend of Joe Adonis?

Mr. O'DWYER. I believe so; yes.

Mr. HALLEY. As a matter of fact, I think you testified before the grand jury that you would not be at all surprised to know that Sherman had been a collector for Adonis and Costello and Lepke too; isn't that right?

Mr. O'DWYER. Well, I didn't know the facts. I didn't know that he was a collector.

Mr. HALLEY. But you said that that wouldn't surprise you at all?

Mr. O'DWYER. It could be.

Mr. HALLEY. You did certainly know though, that he was a friend of both Costello and Adonis?

Mr. O'DWYER. That's right.

Mr. HALLEY. And a good friend of Costello's?

Mr. O'DWYER. Well, how good I didn't know, but I knew he knew him and I knew he was someone who could talk to him.

Mr. HALLEY. Now, you may remember that through the campaign of 1945 your opponent talked a considerable amount, perhaps political talk, but produced a large number of telephone calls between Sherman and you?

Mr. O'DWYER. Yes.

Mr. HALLEY. Long distance calls?

Mr. O'DWYER. That's right.

Mr. HALLEY. They actually did occur, did they not?

Mr. O'DWYER. He called me.

Mr. HALLEY. To all parts of the country, wherever you happened to be?

Mr. O'DWYER. I was in California during the month of May.

Mr. HALLEY. He called you there and he called you in Washington; is that right?

Mr. O'DWYER. He called me there.

Mr. HALLEY. He called you in Washington, too, did he not?

Mr. O'DWYER. That I don't know, I don't remember.

Mr. HALLEY. Well, I think you so testified before the grand jury. Let us see.

Mr. O'DWYER. He may have.

Mr. HALLEY. He may have?

Mr. O'DWYER. Yes.

Mr. HALLEY. There is no point of arguing about that?

Mr. O'DWYER. That's right.

Mr. HALLEY. Your relationship was such that he kept in pretty close touch with you?

Mr. O'DWYER. That's right.

Mr. HALLEY. Now, did you feel that this friendship with Sherman and your acceptance of his aid during the 1945 campaign in any way tainted you with the Costello influence?

Mr. O'DWYER. Not in the least.

Mr. HALLEY. Did you feel that Sherman—and perhaps I ought to put it this way, since you have been offering me some political advice—when you take help from a fellow like Sherman he usually expects something back; that is what they tell me; is that right?

Mr. O'DWYER. He might. He never mentioned to me any help that he expected.

Mr. HALLEY. If he did, you would have to keep your eyes open for the possibility that he might be playing Costello's game, wouldn't you?

Mr. O'DWYER. That's right.

Mr. HALLEY. Did you do so?

Mr. O'DWYER. Yes.

Mr. HALLEY. Did you ever find any evidence that Sherman might be trying to get you to go easy on bookies?

Mr. O'DWYER. Say that again.

Mr. HALLEY. Did you ever get any evidence that Sherman might be trying, subtly or indirectly or through his friendship in any way, to get you to go easy on bookies?

Mr. O'DWYER. Absolutely not.

Mr. HALLEY. Sherman, in addition to his shirt industry and his war businesses—first of all, he ran a bar and grill, did he not, the Arizona Bar?

Mr. O'DWYER. He had a bar and grill somewheres up in the Forties east of Broadway.

Mr. HALLEY. Sort of a hang-out, I believe?

Mr. O'DWYER. A couple of years.

Mr. HALLEY. Costello would hang out there?

Mr. O'DWYER. I was never in it while it was open. I saw it before it was opened; I remember what it was; it was the east side of Broadway.

Mr. HALLEY. And you undoubtedly have seen or heard of the testimony of a Mr. James Francis McLaughlin, who said he rigged up a buzzer in a gambling place that Sherman operated?

Mr. O'DWYER. I heard that he testified that he rigged up buzzers and that one of the rooms was fitted out like a gambling place, but I was never in that place.

Mr. HALLEY. He didn't say he saw you in that room. He said he saw you in the dining room.

Mr. O'DWYER. I doubt if he did. I have no recollection of being there, because someone told me that he said that this place was two flights up.

Mr. HALLEY. No; it was more than two. It was on the upper two floors of a loft building.

Mr. O'DWYER. I have no recollection of being there.

Mr. HALLEY. At 1480 Broadway.

Mr. O'DWYER. I have no recollection of ever being there.

Mr. HALLEY. That, of course, was the building in which Erickson had his office, too; you will remember.

Mr. O'DWYER. I didn't know.

Mr. HALLEY. But it certainly wouldn't have surprised you that Sherman might have been in that kind of a business, too?

Mr. O'DWYER. No.

Mr. HALLEY. From what we have heard about his background, he seems to have been a honey.

Mr. O'DWYER. No, not at all.

Mr. HALLEY. And do you think it is possible he might have been taking you up to the restaurant part of this place?

Mr. O'DWYER. I don't think it was possible.

Mr. HALLEY. You think Mr. McLaughlin is just wrong?

Mr. O'DWYER. I think he is mistaken. Frankly, I think Mr. McLaughlin is mistaken because I haven't the slightest recollection of ever being there.

Mr. HALLEY. You wouldn't even think it was within the realm of possibility?

Mr. O'DWYER. No. Do you want my frank and honest answer?

Mr. HALLEY. Yes.

Mr. O'DWYER. I don't believe I ever saw the place.

Mr. HALLEY. Well, Mr. McLaughlin said he didn't meet you. He thought he recognized you. He might be wrong.

Did you ever ask Sherman to check whether your wires were being tapped?

Mr. O'DWYER. I don't recall asking him, but I heard McLaughlin say there was a check.

Mr. HALLEY. Yes. He said Sherman asked him to do that.

Mr. O'DWYER. Well, I don't know when he asked him.

Mr. HALLEY. He didn't so testify, but he said in a written statement, I believe, that it was during the campaign in 1945.

Mr. O'DWYER. Well, you get all kinds of well-wishers, all kinds of people helping you out.

Mr. HALLEY. It could have happened?

Mr. O'DWYER. Like Charlie Lipsky going up to make some kind of a deal with a group that I didn't need, that kind of approach, too, and didn't ask him to do. So, it could have happened and I wouldn't know it.

Mr. HALLEY. Do you know about Sherman's dress business?

Mr. O'DWYER. Dress?

Mr. HALLEY. Yes—or coat business; ladies' coats?

Mr. O'DWYER. Ladies? I think so; yes.

Mr. HALLEY. And did you ever hear of that partner, Courtney?

Mr. O'DWYER. No. When I say "No," I have no recollection of hearing it or meeting him, or anything like that. That wouldn't mean that somewheres along the line you wouldn't meet these fellows.

Mr. HALLEY. You were pretty well up on what went on in this city. And did you ever hear of anybody named Max Courtney?

Mr. O'DWYER. No. I would like to correct this.

Do you know that to this day I don't know more than 15 Democratic leaders, if I know that many, here in New York? I come from Brooklyn. I spent all my life practically over there; and when I was nominated in 1941, I was introduced for the first time to Ed Flynn, for the first to the then leader—I think his name was Sullivan—for the first time to the leader in Staten Island. I was appointed a magistrate in spite of the organization.

Mr. HALLEY. Up to that time you had lived up to the saying that Brooklyn is a separate city and had no connection with New York at all; is that right?

Mr. O'DWYER. No. Up to that time I lived—I was separate myself.

Mr. HALLEY. Well, you do have some Brooklyn political affiliations; did you not?

Mr. O'DWYER. I belonged to Wogan's Club in 1941; I don't think I was twice in the clubhouse.

Mr. HALLEY. Before we get over to Brooklyn, I would like to finish with Sherman. Our records show that he is now in partnership with the brother of a man who is under committee subpoena and who we intend to ask a great many questions about bookmaking, Max Courtney.

Mr. O'DWYER. I don't know him.

Mr. HALLEY. And that Courtney at one time was connected with that business.

Mr. O'DWYER. I don't know him; and this is the first time I heard the name, that I can recall.

Mr. HALLEY. Well, did you ever hear of Sherman in connection with the bookmaking business?

Mr. O'DWYER. No, I didn't hear about him in connection with bookmaking. I heard about him in connection with betting.

Mr. HALLEY. In what connection there?

Mr. O'DWYER. Well, betting—that he was a heavy bettor.

Mr. HALLEY. On horses?

Mr. O'DWYER. Yes.

Mr. HALLEY. Well, perhaps he gave his business to Courtney and left it in the family.

Now, you don't feel that your relationship with Sherman in any way affected your independence?

Mr. O'DWYER. Not at all.

Mr. HALLEY. Of the Costello sinister influence?

Mr. O'DWYER. I would like to be permitted to show you from actual records how independent I was of all the gamblers, from 1946 until the time I left New York.

Mr. HALLEY. Well, I would like to go into that. I had planned at this point to go back and talk about what you know a great deal about and I know practically nothing—your early days in Brooklyn—but would you prefer to move forward into your administration as mayor, and then go back to Brooklyn?

Mr. O'DWYER. Well, I wouldn't think that it would be of any value to the committee to take up its time on anything but how did I handle bookmaking, because that's the nub of the whole thing, isn't it?

Mr. HALLEY. Well, let's do that, and then take the other things up as the committee sees fit.

Would you like to start on bookmaking?

Mr. O'DWYER. I would like very much. What are you going to bring up afterward?

Mr. HALLEY. Oh, golly, I just got a ream of paper. Don't commit me.

Mr. O'DWYER. No. But perhaps it might be what I would like to present after you are through.

Mr. HALLEY. Well, I wanted to go into some of the investigations you made as mayor, and some of the things you did, and try to see what you did as mayor; and bookmaking is one of them.

So that it is entirely appropriate that we do that.

Then I also wanted to go back into some of the background of this investigation you made when you were in the district attorney's office, and I think we would readily agree, together, it is by no means a simple picture, it is by no means a simple problem.

I think the only way to do it is just ask these questions dispassionately, and try to get the facts.

Mr. O'DWYER. Don't you think that this committee would like to know whether or not I took every means available to me to stop bookmaking in this city for 4 years?

Mr. HALLEY. I have a fair-sized file on that, so I am sure I would like to. Would you like to tell the committee?

Mr. O'DWYER. Gentlemen, when I mentioned to you before the big undertaking of running the city, and especially after the war, the big construction program, I wanted to tell you the list of the commissioners that I appointed, none of whom were remotely connected with politics, many of whom came from out of town, and were appointed because they were experts.

Now, at that time, 1946, I didn't get them all right the first year. But the ones, as I found, that they weren't doing the right thing, out they went.

The one department that I wanted right was the police department. I wanted all of them right; but I knew that the police department was a keg of dynamite.

I know that any mayor, like this one, or LaGuardia, who had all the trouble in the world with bookmaking, and cops, and corruption, I knew that that was the place where I could have most trouble. The rest of it I could control. And I got the best men that I possibly could for departments.

For example, \$40,000,000. I think it was, every year, by the purchase department; not a single complaint.

Construction, not a single complaint.

The hospital program, and the handling of our 27 public hospitals, Dr. Bernecker, a career man, when he left to take over New York Hospital, NYU; Dr. Harry Mustard, from Columbia—I won't go on—Ray Hilliard to handle welfare. I won't go on with it. But believe me, if you look into them, you will find that most of them are still there, unless they resigned for better positions.

Now, Mayor LaGuardia gave me Arthur Wallander. A good man; one of the best. I knew Arthur Wallander for years and years.

Arthur Wallander and myself recognized a few things. One of them was that you had to build up the department. And the other was that you had to watch this bookmaking and gambling.

Now, I knew he was honest: I knew that Martin Brown, God rest him, was honest. He was the chief inspector.

But I knew that wherever you have gambling, and it is illegal, and you have policemen, you have the danger of corruption. And a man would be blind if he didn't recognize that danger, in view of the history of this city over the 40 years that I have been in it.

So I used the following: First of all, we had five good live district attorneys in the five boroughs.

Secondly, I had an inspection office, a commissioner of investigations, and down there I put a boy that worked with John Amen, in Brooklyn, and worked as a lawyer, when he was investigating all the way from 1939, I think, down to 1941, about, when he went into the Army. Name of John Murtagh. He is now the chief city magistrate. He worked with me in the Air Corps.

So I appointed Murtagh, an experienced investigator, in charge of investigations.

There came a time in 1946, toward the end, when I wasn't satisfied that everything was being done that should be done, and when that time came, I called in Murtagh, publicly announced it, that I wanted him, in addition to the police commissioner, in addition to the five district attorneys, I wanted—and this was for the first time that it was ever done—I wanted Murtagh and the department of investigation, to make a running study, a running study, of how gambling was being enforced by the police department; and that he did.

Now, I haven't got the results of his study here, but could I ask this committee, in the interest of truth and fairness, to permit Murtagh, Judge Murtagh, as a part of my testimony, as a part of this story of mine, to permit him to describe to you what he did in connection with this particular matter?

Mr. HALLEY. In that connection, Mr. O'Dwyer, have you talked to John Murtagh?

Mr. O'DWYER. Yes.

Mr. HALLEY. Did he tell you what he did?

Mr. O'DWYER. Yes, but it is complicated, and I would like to have him tell it.

Mr. HALLEY. Well, he would be welcome. I spoke to him, and I wonder whether he told us the same thing.

He first told me that he had never investigated gambling or the connection of the police with the gambling, that it wasn't an investigation, but in the nature of an operation.

Mr. O'DWYER. I would like to have him tell this committee what he did, and what he did about Erickson and Adonis and Costello.

Mr. HALLEY. Well, did he tell you whether he had actually had an investigation or an operation?

Mr. O'DWYER. I wouldn't quibble about it, Mr. Halley.

Mr. HALLEY. Well, he made the quibble, for this reason: that we could not find a single report in his files from him to you or from any investigator to him on the subject.

Mr. O'DWYER. Well—

Mr. HALLEY. And we wondered why.

Mr. O'DWYER. Well, there must be reports where he communicated with outside agencies.

Mr. HALLEY. Well, he said he didn't have any reports, because he never—and I can quote, because I remember it very distinctly, and I wrote it down—he never had an investigation. He said it was in the nature of an operation intended to jazz up the police, and therefore there was no need for a report.

Mr. O'DWYER. And some prosecutors, and with information that he had to give them, and day and date, and I would like to have this committee hear from him.

Mr. HALLEY. Well, did you ever get a report? We are very anxious to hear from Mr. Murtagh, but first will you tell the committee, did you ever get a report?

Mr. O'DWYER. I am sure that I got all kinds of verbal reports, and maybe—

Mr. HALLEY. Did you ever get a written report?

Mr. O'DWYER. And maybe a report. Nearly all reports that went to outside prosecutors, especially to New Jersey—

Mr. HALLEY. Well, he never did recommend any specific action to you, did he, in a report, which would say: "The following policemen have been doing something and should be punished for it?"

Mr. O'DWYER. No; I would much prefer to have the records that he prepared presented before this committee, because they speak for themselves, and that is a whole lot better than trying to have me drag out my memory.

Mr. HALLEY. Well, are you referring now to the cards showing telephone connections?

Mr. O'DWYER. Cards and maps and the things he did to communicate with other prosecuting agencies to show what was going on.

Mr. HALLEY. We are familiar with the wire records. But what I had in mind was the investigation that was supposed to have been made in 1946 and 1947 immediately after you took office.

Mr. O'DWYER. He made it—

Mr. HALLEY. Of bookmaking and possible police corruption.

Mr. O'DWYER. He made it at my direction. Why not listen to him? He knows it better than I do.

Mr. HALLEY. I believe at that time you said that you thought there was a system of corruption in the police department?

Mr. O'DWYER. That's right. Anyone should have suspected that.

Mr. HALLEY. And yet his investigation was dropped with no report whatsoever and no action taken.

Mr. O'DWYER. Now, can't we listen to him on that?

Mr. HALLEY. Well, you were the mayor and I would like at least to get your answer.

Mr. O'DWYER. My memory is certainly not the thing to depend upon when we have the head of the department who made the investigation.

Mr. HALLEY. Well, I must say, when I spoke to the head of the department in what I assumed was a preliminary telephone call I found that he had no investigation.

Mr. O'DWYER. Yes.

Mr. HALLEY. And therefore there was nothing to talk about.

Mr. O'DWYER. But, Mr. Halley, why not listen to him?

Mr. HALLEY. Well——

Mr. O'DWYER. Now, as a part of my story?

Mr. HALLEY. You mean you would like him to sit there now and tell that?

Mr. O'DWYER. I would like him to take the stand now.

Mr. HALLEY. I think that is a good idea. Would that be permissible, Mr. Chairman?

Mr. O'CONOR. I think that is in order, if it would not be too lengthy, Mr. O'Dwyer. Have you in mind as to just the length of time that would be required?

Mr. O'DWYER. Oh, it wouldn't be any more than to tell you what he did and with whom he communicated.

Senator O'CONOR. All right.

Mr. O'DWYER. I don't know if he is in the room. Is Mr. Murtagh here? Judge Murtagh?

Senator O'CONOR. Well, apparently he is not here.

Mr. O'DWYER. Will you give me an opportunity to communicate with him, sir?

Senator O'CONOR. Certainly. Of course, what you could do, you could communicate with him and we could just proceed and then when he gets here——

Mr. O'DWYER. He will be here in 5 minutes.

Mr. HALLEY. Fine. We will have somebody phone him.

Mr. O'DWYER. I don't think you know where he is. I do.

Mr. HALLEY. Isn't he at his office?

Senator O'CONOR. Is there any friend nearby whom you could ask to get a message to him?

Mr. O'DWYER. I will get the word to him. He will be here in 5 minutes. He is not too far away. May I do that? May I be excused? Give us a recess for 5 minutes.

Senator O'CONOR. The committee will now take a recess for 10 minutes.

(Thereupon, a 10-minute recess was taken.)

Senator O'CONOR. Will the hearing please come to order?

For the information of all who are here present, the committee feels that it may be desirable to state the intentions of the committee in connection with further sessions today. We plan to carry on until about 6 o'clock, and then take a 2-hour recess and return at 8 o'clock, and continue then until approximately 10 o'clock tonight.

It may be added that the night session, we expect, will be devoted to another phase of the matter, and Mr. Murtagh will not be asked to continue on through the night session.

Mr. O'DWYER. Is the commissioner here?

Mr. HALLEY. Yes.

Mr. O'DWYER. May we hear from him now, sir?

Senator O'CONOR. Yes.

Mr. O'DWYER. Thank you.

Senator O'CONOR. Judge, as is the case of all witnesses, you are asked to be sworn, and I am sure you have no objection to that?

Mr. MURTAGH. None at all.

Senator O'CONOR. Judge Murtagh, do you solemnly swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MURTAGH. I do.

TESTIMONY OF JOHN M. MURTAGH, CHIEF MAGISTRATE OF THE CITY OF NEW YORK

Senator O'CONOR. Now will you kindly state your full name?

Mr. MURTAGH. John M. Murtagh.

Senator O'CONOR. And your official position?

Mr. MURTAGH. Chief magistrate of the city of New York.

Senator O'CONOR. And for what period of time have you occupied that post?

Mr. MURTAGH. Since February 15, 1950.

Senator O'CONOR. And prior to that, in what activity were you engaged?

Mr. MURTAGH. From January 1, 1946, until that date I was commissioner of investigation of the city of New York.

Senator O'CONOR. Thank you very much.

All right, Mr. Halley.

Mr. HALLEY. Judge, I think Mr. O'Dwyer had in mind that you could tell the committee about your investigation of gambling.

Mr. MURTAGH. I would be glad to.

Mr. HALLEY. In 1946 and 1947.

Mr. MURTAGH. Yes. It started, to the best of my recollection, around August of 1946, and it had continued down to date.

To my knowledge, it is the only methodical, thorough investigation of bookmaking that has been made by any office.

What we did, in starting in August of 1946, was to try to get an understanding of the bookmaking business, just as you would go about learning about a legitimate business; and what we found—I think we were aided by the fact that myself and those working with me were, in the main, ignorant of the ways of bookmakers.

I recall there back in 1946 that when someone started talking about wire rooms and horse rooms, they were new terms to me, and when I heard "wire," I began to ask myself questions about the use

of telephones in connection with bookmaking. And it wasn't long until I realized that bookmaking, as we know it in the United States today, could not exist without the use of telephones.

Now, in order to do something about it, I set up a system, of which I am very proud, and I gathered that the committee, although it only took 60 seconds, or 2 minutes at the most, talking to me on the telephone, that you, nevertheless, have had the benefit of research at 50 Pine Street, where all this information is gathered.

Starting back there in 1946, we originally took approximately 100 telephones that had been pulled for illegal use, that is to say, where telephones in connection with which the police department had conducted a raid and made an arrest.

In other words, we started with a known quantity. We knew we were dealing with a bookmaker's wire.

We gave the subpoena to the New York Telephone Co. to produce information with regard to those wires. At first they were uncooperative. But it came down to a point where I told them, in no uncertain terms, that I was going to get the information, or I would make an issue of it.

From that time on, I must say in fairness to the New York Telephone Co. that it has been most cooperative.

We got those tolls, and we began to accumulate information with regard, primarily, to New Jersey telephones, although, as you have seen in the files, to a lesser extent, we found information with regard to phones in other adjacent communities.

Once we got the information with regard to the Jersey phones, we went over and paid a visit to the legal department of the New Jersey Telephone Co. There we found a lawyer by the name of Biddick, and I am glad to have this opportunity in saying that there is at least one man in the State of New Jersey that has been carrying on a real crusade against organized crime, and the New Jersey Telephone Co. should be very proud of Mr. Biddick.

He made available to us, readily, information in the form of telephone toll slips regarding those numbers that we suspected in Jersey. Those toll slips which he gave us, which were methodically entered on cards in the Department of Investigation, showed the numbers in New York that were in communication with the Jersey numbers.

We then, of course, went back. We carded all that information.

We gave another subpoena to the New York Telephone Co. calling for information on the numbers located in New York, concerning which we had gathered information in Jersey. And again we got still greater information with regard to Jersey.

Then we would go back again and get current toll slips on all those wires in Jersey.

That has been going on continuously. Those of us in New York remember my appearing about 11 months after the beginning of that, and before a Queens County grand jury and a Kings County grand jury.

The Queens County grand jury handed up a presentment in which they strongly commended me for my program, and wished me well. That program has continued.

Now, in 1947—by July of '47—I knew where the headquarters of Frank Erickson was located. It is in Cliffside, was in Cliffside, N. J. It has only gone out of business recently.

But in July of 1947, at the direction of Mayor William O'Dwyer, I paid a visit to the attorney general of the State of New Jersey, who was Gen. Walter Van Riper, and I gave him several hundred telephone numbers, included in which were the principal ones of Frank Erickson, Joe Adonis, and Willie Moretti.

Willie Moretti and Joe Adonis operated from Duke's Restaurant. Frank Erickson operated from the Home Movies Exchange.

Three years passed before the attorney general of New Jersey acted on that information. About 6 months after I gave it to him, or maybe a year—it was probably a year—an assemblyman in New Jersey by the name of Tumulty, who, of course, happened to be of the opposite political faith and wanted to make an issue of it, denounced the attorney general on the floor of the assembly for taking no action on the information which I gave him.

The result was that a few months later, when the attorney general's term ran out, the attorney general of New Jersey was not reappointed.

More recently, thanks to the efforts such as are taking place here, further impetus has been given to those early efforts.

My successor, Commissioner Shiels, testified in Washington before the McFarland committee. He described our method of operation. He named publicly for the first time the heart of the Erickson empire.

It was that publicity which led to the final taking out of Erickson's wire in Jersey; Adonis and Moretti's headquarters. It helped only last week to an indictment of Frank Erickson in Jersey, and in the publicity that was released it named the Home Movies Exchange in Cliffside, N. J., as the heart of that empire.

And again I stress the fact that 3 years before, we gave that information to Attorney General Van Riper. More recently, the county prosecutor of the principal county involved, Bergen County, has been superseded, and the special assistant attorney general who is conducting a most exhaustive investigation in Jersey is relying to a great extent on the information methodically prepared at the direction of Mayor O'Dwyer and which, to this day, is being methodically kept. So that 10 years from now the interrelationships between these people will be permanently in those files.

Only the other day, the district attorney of New York County called for an analysis of those two wires, the one that is the headquarters of Erickson and the one that is the headquarters of Adonis and Moretti, and he asked for the calls which were coming to both, and among them was the wire in New York of Frank Costello. That is permanently, methodically kept there, and from time to time I have had occasion to give information from that wire, not only to the district attorneys of the various counties in New York, but on my own volition to the district attorney of Nassau County, of Westchester County, the attorney general of New Jersey, various county prosecutors over there, the Attorney General of the United States; then Tom Clark on one occasion sent a representative up to me at Pine Street with a personal letter in which he requested me to make that information available to a Mr. Goldschein, a special assistant to the Attorney General, who is investigating all these tough characters.

All that information several years ago was made available to them. You gentlemen undoubtedly recall how George Morris Fay, the United States attorney in Washington, D. C., went to work on gambling down

there. You do not know, perhaps, that a great deal of the impetus for that investigation came from New York City. I am sure if Mr. Fay were here he would acknowledge that a great deal of his information came from this information methodically carded in Pine Street.

At this point, perhaps you have some questions.

Mr. HALLEY. Yes; I have seen your wire room and thought that a very fine job had been done on tracing toll calls from one wire to another. I was wondering whether or not the wire room ever, for instance, turned up any evidence of the Gross bookmaking operation in Brooklyn.

Mr. MURTAGH. Not to my knowledge, but if Gross was active, as he apparently was, there unquestionably is a great deal of information there regarding his activities.

Mr. HALLEY. Well, your successor told me that it just didn't show up in the wire-room evidence at all.

Mr. MURTAGH. Well, that would be curious, if he were operating here. I know that the district attorney of Brooklyn, Miles McDonald, who is doing such a fine job over there, has been making use of it, regularly.

Mr. HALLEY. Oh, I have been making use of it—of the little cards which say from a certain telephone certain phone calls were made, and they are very useful in some respects.

Mr. MURTAGH. Yes. I would like—

Mr. HALLEY. I was wondering whether they really, in your opinion, purported to amount to an investigation of bookmaking or whether they weren't simply a clerical system of keeping track of certain telephone calls made from certain suspected telephones?

Mr. MURTAGH. I think they are the most outstanding effort that has been made to date to lick bookmaking, in and of itself. As you well know, the department of investigation can't afford to enforce the gambling laws. But I think that if some top authority in the United States were to begin with this system and were to methodically note on a Nation-wide basis the activities of our top racketeers, starting with this and developing a system, I think it would be an excellent way to attack organized crime throughout the United States, and I would be glad to show the committee the methodical job that is done down there.

This is a card here, the first entry on which was made sometime early in 1946 and which turned out to be the heart of the Frank Erickson empire. Only last week, the attorney general in New Jersey named this as such.

Now you will see how, month by month, we have been recording the people who have been in communication with Frank Erickson. Never once is there anything omitted. That is an undying record, and if anyone is rash enough to communicate with Frank, the fact that toll slips are destroyed after 6 months or a year won't protect them, as long as that continues at Pine Street, and that information, I want to remind you, was made available several months later to the attorney general of Jersey.

Mr. HALLEY. We tried very hard to find out whether, during the time that Mr. O'Dwyer was mayor of New York and you were commissioner of investigation, any prominent bookmakers were caught by that system and who they were.

Mr. MURTAGH. Thousands of wires were pulled out in Jersey during that time.

Mr. HALLEY. Wires were pulled out?

Mr. MURTAGH. In New York, I should say.

Mr. HALLEY. What major arrests were made?

Mr. MURTAGH. Well, as shown here, the main lay-off points and the locations of organized gambling were across the river, outside of our jurisdiction. As a matter of fact, and you will note that Frank Hogan was only successful in getting Frank Erickson a week or two after Jim Shiels, my successor, went down to Washington and publicly displayed this system and named the location of Frank Erickson's empire, and I think—it is only a guess on my part—that what happened was that Frank Erickson had to move his records to New York, and thereupon for the first time was a prosecutor in New York able to get him. Otherwise—

Mr. HALLEY. Those aren't the facts—

Mr. MURTAGH. Otherwise, Frank Erickson and Frank Hogan have some explaining to do as to why he could operate here so long.

Mr. HALLEY. Now, Judge, let's just admit on the record that you have a lot of cards in a big room at the commissioner of investigation's office.

Mr. MURTAGH. Are you looking for admissions or facts?

Mr. HALLEY. Are you trying to make pretty statements or to get some facts on the record, Judge?

Mr. MURTAGH. I want facts.

Mr. HALLEY. Will you repeat the question, Mr. Stenographer?

Senator O'CONOR. It might, Mr. Halley, expedite matters if you were to repeat it.

Mr. HALLEY. Now let us admit and agree that you have a lot of rooms with a lot of cards, on which were recorded telephone calls as reported to you by the telephone company. That is agreed, and it's a fine job of recording—

Mr. MURTAGH—

Senator O'CONOR. Judge, just let the question be asked, please.

Mr. HALLEY. It is a fine job of recording phone calls. It's a system. Now, from the use of that system, what was accomplished by way of stopping bookmaking in New York City?

Mr. MURTAGH. Frank Erickson was indicted both in New York and New Jersey.

Mr. HALLEY. When?

Mr. MURTAGH. This year.

Mr. HALLEY. Frank Erickson was indicted after the Senate Interstate Commerce Committee got his admission that he was engaged in bookmaking, and Mr. Hogan was able to seize his records.

Mr. MURTAGH. After he was smoked out by my successor Jim Shiels, on the basis of my evidence which I hadn't delayed to make public. I had gone 2 years before to the attorney general of Jersey, who could do something, and given it to him.

Mr. HALLEY. You didn't smoke out Frank Erickson during the 4 years you had to do it; did you?

Mr. MURTAGH. He was over in Jersey.

Mr. HALLEY. He was finally caught in New York, wasn't he?

Mr. MURTAGH. Yes.

Mr. HALLEY. He took his bets in New York.

Mr. MURTAGH. I was the prosecutor. Frank Hogan was.

Mr. HALLEY. You were boasting about your wire room. What did you do?

Mr. MURTAGH. I went over to the attorney general in Jersey and told him where the principal headquarters of Frank Erickson was located.

Mr. HALLEY. What did you do in the city of which William O'Dwyer was mayor?

Mr. MURTAGH. The police department never during any period in its history was ever more active on bookmaking. Thousands of wires were pulled out under the direction of the finest police commissioner we ever knew, Arthur Wallander.

Mr. HALLEY. And you thought the police department was doing a grand job; is that right?

Mr. MURTAGH. With our help, it was doing a splendid job.

Mr. HALLEY. And is that why there was inquiry after inquiry after inquiry of the conduct of the police department and shifts of officers?

Mr. MURTAGH. That's right.

Mr. HALLEY. Is that why you stated—and I quote—that “most of the top men are crooked”?

Mr. MURTAGH. Most of the top men are crooked?

Mr. HALLEY. Yes.

Mr. MURTAGH. What top men?

Mr. HALLEY. In the police department.

Mr. MURTAGH. When did I state that, Mr. Halley?

Mr. HALLEY. You stated it in a staff meeting, several staff meetings of your department; did you not?

Mr. MURTAGH. Did you have a representative there? I have no recollection.

Mr. HALLEY. Do you deny that you ever said that?

Mr. MURTAGH. I would deny it. I couldn't have said it. I never had evidence of police corruption, except what your associate there sat on for 3 years. This man here found a black book that has never been publicized because I gave——

Mr. HALLEY. We have the book right here, and we are ready to go into that, too.

Mr. MURTAGH. Because I gave it to the district attorney of New York County.

Mr. HALLEY. You gave what? Let's go right into that black book.

Mr. MURTAGH. This gentleman was the commissioner of investigation immediately prior to me, and he was a member of the staff at the time of this seizure.

Mr. HALLEY. Of Fiorello LaGuardia?

Mr. MURTAGH. That's right; during Fiorello LaGuardia's administration.

Mr. HALLEY. And in 1944 the black book was received——

Mr. MURTAGH. May I proceed?

Senator O'CONOR. Judge, continue your answer.

Mr. MURTAGH. A raid was conducted by the department of investigation in cooperation with the police department on a little grocery store in Harlem.

As you Senators may not know, policy is conducted there more than bookkeeping. And this was a methodical recording by a fellow who had a little education. Although he was running a grocery store,

he had studied nights at college and he knew a little about book-making, and he thought he ought to keep books, and he even recorded entries of payments to police officers.

Now that book was seized. I took office—and I regret to say I was reminded of this as I listened to the testimony here this morning about whether the district attorney of Brooklyn should have informed his successor of what was pending—I had to cross examine my staff because the records in the department of investigation didn't show what cases were open or closed, and among them was the mysterious black book.

It was only after I was in office 1 month—and I gave Louis Yavner a list which I asked him to sign as to whether that was a full statement of the open cases—that I knew where I was at.

In cooperation with the Federal Bureau of Investigation, I turned all hell loose on that black book, with the result that, while I couldn't prove it by the sworn testimony of any witness, my analysis showed payments to 111 police officers during the period 10-43 to '44 or '42 to '43, I don't know which. And you will see from that report that I left no stone unturned. I had the cooperation of the Federal Bureau of Investigation on handwriting analysis, on breaking a code, and I promptly turned the information over both to the police commissioner and to the district attorney of New York County.

Mr. HALLEY. Now, may I ask a question or two?

Mr. MURTAGH. Yes.

Mr. HALLEY. How many cops went to jail?

Mr. MURTAGH. None did. Frank Hogan felt that there wasn't evidence on which a prosecution could be based.

Mr. HALLEY. How many were dismissed from the service?

Mr. MURTAGH. The—considerably disciplinary action had been taken during the LaGuardia administration.

Mr. HALLEY. During whose administration?

Mr. MURTAGH. LaGuardia's.

Mr. HALLEY. You mean while these fellows were doing nothing—while they were doing nothing, they were—

Mr. MURTAGH. While they were sitting on it.

Mr. HALLEY. How can they take action while they are sitting on it? You are a little inconsistent, Mr. Murtagh.

Mr. MURTAGH. I say the department of investigation sat on the case. If you go down to the department of investigation, you will find that no report was made.

A witness who made a substantial portion of those entries was never even questioned, although he was in New York continuously during that period.

Mr. HALLEY. Now it may be a change of tactics for the witness to wave at the counsel instead of the counsel waving at the witness, but let me ask you a question: Isn't it a fact that the man who wrote the book was overseas and didn't return until 1946, and that the evidence could not be obtained until the man came back and could be questioned?

Mr. MURTAGH. I will say, in answer to that, that my predecessors either didn't have the intelligence or the integrity to find out who made the entries. They assumed that it was a man who was overseas. Actually, it was two men, and one of them was right here in New York all the time.

Mr. HALLEY. They knew he was here?

Mr. MURTAGH. And the other returned from the Army 4 months before I took over.

Mr. HALLEY. Four months before you took over?

Mr. MURTAGH. And he was never brought in.

Mr. HALLEY. And you brought him in?

Mr. MURTAGH. I brought him in.

Mr. HALLEY. And you questioned him?

Mr. MURTAGH. Yes; and you have seen the testimony, apparently.

Mr. HALLEY. And in the meantime, he was overseas, and his testimony was necessary to do anything?

Mr. MURTAGH. No. There was one witness here in New York.

Mr. HALLEY. No; there were two brothers, and one of them did most of the writing, and he was overseas?

Mr. MURTAGH. He did the majority.

Mr. HALLEY. That's right. And when he came back—I don't exactly know the chronology—it was about the time you took office?

Mr. MURTAGH. Actually, if there was sincerity, I feel his testimony could have been gotten, even though he was in the Army.

Mr. HALLEY. Mr. Yavner says that interrogatories were sent—

Mr. MURTAGH. I feel that—

Senator O'CONOR. Just a moment, gentlemen. The reporter can't take it if both of you speak at the same time. Let the question be asked, and then answer.

Mr. HALLEY. Mr. Yavner says that interrogatories were sent to him. Do you know whether that was so or not?

Mr. MURTAGH. A foolish attempt was made to get up some sort of questionnaire to him, and that was sent on through channels, and I don't think it ever reached him.

Mr. HALLEY. Gee, did the LaGuardia administration ever do anything that was not foolish?

Mr. MURTAGH. Not on the black book.

Mr. HALLEY. You did some investigation that your Mayor O'Dwyer made you stop, and he called it a witch hunt in 1946.

Mr. MURTAGH. I started an investigation of the LaGuardia administration, prompted by the conditions in my office. I felt that things weren't the way they should have been.

Mr. HALLEY. Mayor O'Dwyer made you stop it and called it a witch hunt?

Mr. MURTAGH. Yes; for the simple reason that he said—and I thought he was right—that showing up the errors of a past administration wasn't on the constructive side, and we would do better to do the job—

Mr. HALLEY. Oh, John, he called it a witch hunt and stopped you. I read the clipping.

Mr. MURTAGH. The fact is that the mayor, when he described it as a witch hunt, or what he described it as, felt—and I think now, with a little more maturity, quite properly so—that if I investigated current matters rather than ancient history, I would do better.

The fact is, however, that a year later I turned up a scandal that involved the payment of \$50,000 in the LaGuardia administration to an important city official, and I later had reason to believe that I didn't go quite far enough.

Maybe if the mayor had not called me off, a great many things would have been found—but that is all conjecture.

The mayor operated from good motives and with a desire to run an effective administration himself, and to be fair to a mayor who was unquestionably a great mayor.

Mr. HALLEY. Now, let's get back to the little black book.

It is at least conceded that the man who made the majority of the entries arrived in the United States about 4 months before you took office; is that right?

Mr. MURTAGH. That's right.

Mr. HALLEY. That is his testimony?

Mr. YAVNER. Yes.

Mr. HALLEY. And when you took office, you began to make an intensive investigation of the little black book; is that right?

Mr. MURTAGH. That's right.

Mr. HALLEY. And you then wrote a report to the mayor; is that right?

Mr. MURTAGH. That's right.

Mr. HALLEY. And you said there was a system of payoffs; is that right; according to rank?

Mr. MURTAGH. That's right.

Mr. HALLEY. The captain got \$25—

Mr. MURTAGH. I said that analysis indicated widespread corruption, if I can recall my words.

Mr. HALLEY. Let's read your records.

Mr. MURTAGH. Yes; let's read them.

Mr. HALLEY. An analysis of symbols, in Arabic numbers indicates a graduated scale of payments which varied from \$1 to \$30 according to rank, as follows: captain, \$25; acting lieutenant for the division, \$30; acting lieutenant, detective, \$10 and \$15; plainclothesman, division, \$5 and \$10; detectives, \$5 and \$10; sergeants, \$5; patrolmen, \$1 and \$2. Is that right?

Mr. MURTAGH. That's correct, I think.

Mr. HALLEY. And you say that no disciplinary action was taken against any police officer as a result of these disclosures?

Mr. MURTAGH. I wouldn't say that no disciplinary action was taken. No hearings—as I recall, the corporation counsel advised that legally you could not take action in view of the testimony.

Mr. HALLEY. Did you institute a new investigation to try to get to the heart of this graft in the police department?

Mr. MURTAGH. Thanks to my predecessors, that was 3 years old by the time I got to it.

Mr. HALLEY. Well, it seems to be going on again in Brooklyn, doesn't it?

Mr. MURTAGH. Miles McDonald.

Mr. HALLEY. It happened before you and after you, but not while you were there?

Mr. MURTAGH. Mr. Halley, if you know anything about investigations, you know that, unfortunately, the enforcement of the gambling laws do tend to corrupt men called upon to enforce them. That is unquestioned.

Mr. HALLEY. Now, I think the chairman is worried about what your last statement meant. Frankly, I wasn't listening to that. So would you explain to the chairman what it meant?

Mr. MURTAGH. Yes.

The CHAIRMAN. I didn't understand; you said enforcement of gambling laws tends to corrupt the men that are called on to enforce them.

Mr. MURTAGH. What I meant, simply, Senator, is that when you put cops to work enforcing the gambling laws, there is a certain percentage of them that tend to go sour. Unquestionably.

What we are doing was doing our utmost for 4 years to see that they stayed on the ball, and that they did vigorously enforce them. And we have left no stone unturned to accomplish that result.

The CHAIRMAN. Well, Judge, I think we must have a further explanation of what you mean.

Let me say by way of preface, that many months ago I have seen photostatic reports of sheet after sheet of calls between New York and New Jersey showing bookie operations which you have compiled, and I thought you had done a good job of checking these telephone numbers, and I know that you turned these over to Mr. Van Riper, the attorney general—the then attorney general of New Jersey, and Mr. Winne, in Bergen County, and others, and nothing came of it.

The information on these numbers was of considerable value to us. And that job was well done; there is no doubt about it.

But you say that enforcement of the gambling laws tends to corrupt the people who are called on to enforce them; and I get your conclusion to be that, therefore, you don't bother about enforcing them.

Mr. MURTAGH. Oh, heavens, no. Nothing—I don't think there is a community in the United States that has ever done more to enforce the gambling laws than the O'Dwyer administration did in New York City.

I mean to say that we sought out the big time gamblers, and we did all in our power to drive our police personnel to police those who were operating in New York; and the records of the police department will show thousands of arrests, and thousands of seizures of telephones.

Mr. HALLEY. But with the exception of Katz in Brooklyn, what big gamblers, or bookies were caught?

Mr. MURTAGH. The big gamblers were operating in Jersey.

Mr. HALLEY. What were they; how about Gross?

Mr. MURTAGH. You go down to Pine Street, and you will find records indicating all the activity in Jersey.

Mr. HALLEY. Do you think that District Attorney McDonald and Judge Leibowitz are just wasting their time this last year in Brooklyn?

Mr. MURTAGH. No. I would be happy if the five district attorneys all took a leaf from the book of Miles McDonald.

I only, a week ago, commended to the New York State Legislature a proposal to have a law enacted that would keep a grand jury in session in each of the five counties, continuously, in order to investigate racketeering and corruption in municipal government.

I am in favor of all the activities of District Attorney McDonald. I wish he had started sooner.

Mr. HALLEY. Now, didn't you testify in Washington last year that New York was free of bookmakers?

Mr. MURTAGH. I haven't had the privilege before of talking before a senatorial or congressional group.

Mr. HALLEY. Didn't you either testify or make a statement to the Interstate Commerce Committee in Washington?

Mr. MURTAGH. I haven't been so privileged either.

Mr. HALLEY. Did you make any statement a year ago that New York was free of bookmaking?

Mr. MURTAGH. Not that I can recall.

Mr. HALLEY. Well, at least I have one clipping from the New York Times that in 1947 you said you had driven all the big bookmakers out of New York City. Get together on that one.

Mr. MURTAGH. Yes, I think that is substantially correct. Of course, it was probably made in the heat of political campaign. It may be something of an overstatement.

Mr. HALLEY. In January of 1948? There was no political campaign.

Mr. MURTAGH. I don't know what the occasion was, but if I made a statement of that kind, it was made in some such setting. But I will say a little more modestly that more was done by that administration to drive the bookmakers out of New York than ever had been done before in the history of New York.

Mr. HALLEY. Just what was done to drive one bookmaker out of New York, Mr. Murtagh?

Mr. MURTAGH. The fact that their telephones were seized constantly, and if I can get back on the constructive side for a moment, I got convinced as I worked along on this that if we were all sincere in wanting to get rid of bookmaking, we could go a long way to doing it. If you go into the telephone company, any district exchange, there are modest little girls working at those telephones, every one of whom can give you the telephone numbers of substantial bookmaking establishments in any of the adjacent communities, for the simple reason that when a wire is used for bookmaking purposes between certain hours, between 11 in the morning and 3 in the afternoon, there are consistent calls of about 30 seconds duration. They have got to be fast in order to keep the wire open. Anyone can spot a bookmaker's wire. And then—I am not mechanically inclined, I don't understand the telephone system—but I suspect that in the course of a girl's work she overhears of necessity certain conversations.

But the long and short of it is, the employees of the phone company know what wires are being used, and if the personnel were called upon to give that information, wire service would be destroyed for bookmakers and modern bookmaking could not exist.

Senator TOBEY. Now, Mr. Murtagh—may I interrupt, Mr. Chairman?

Senator O'CONNOR. Senator Tobey.

Senator TOBEY. As to that, Mr. Murtagh, why does not the telephone company instruct its operators to give notice pronto of any violation of law they hear?

Mr. MURTAGH. I wish they would.

Senator TOBEY. Wouldn't that take care of the thing, very largely?

Mr. MURTAGH. I think it would, Senator.

Senator TOBEY. I thought you just mentioned that same thing.

Mr. MURTAGH. I think it would, in itself. But there is a certain conservatism on the part of the phone company. I think the—

Senator TOBEY. Is that the word to use?

Mr. MURTAGH. The profit motive has something to do with it. And, secondly, the fact that there is a certain fear that they will be sued for violating privacy, or one thing or another.

But if on a Federal level we could pass legislation, Federal and local, that would make it their legal duty to turn over such information to the law-enforcement authorities. I think that in itself would do more than any other thing to enforce the laws against the gambling.

Senator TOBEY. Along that line, you are familiar, doubtless, with the fact that the Internal Revenue Department, when these gamblers and gangsters make their returns and put down their expenses or miscellaneous, \$55,000, and income, \$100,000, while you and I put down every single dividend, that under the law the Internal Revenue Department are barred from advising the law-enforcement agency that men are doing crooked business in this town? Did you know that?

Mr. MURTAGH. I know it, and I can't understand it.

Senator TOBEY. It is an amazing thing we stand for it, isn't it?

Mr. MURTAGH. Yes; and I think also, in that connection, there ought to be a hundred-percent tax on illegal profits.

Senator TOBEY. And not allow their expenses in illegal business.

Mr. MURTAGH. Yes.

Senator HUNT. Mr. Chairman, I might say, the witness is going me one better. I introduced a bill in the Senate to take 99 percent of the profit from gambling. He wants a hundred.

Mr. MURTAGH. Don't leave them anything.

Mr. HALLEY. Now, getting away from that constructive side of it again, Mr. Murtagh, isn't it necessary that besides having this technical device, which I think is a good technical device, and have said so many times, there has got to be some follow-up, some action taken?

Mr. MURTAGH. Definitely.

Mr. HALLEY. And it is important that you have an honest police department, is it not?

Mr. MURTAGH. Oh, yes; you have got to have police officers who enforce the law. And you have got to have vigorous able men, so far as possible, of unquestioned integrity.

Mr. HALLEY. For instance, if you received a report in your office, in your own office, about Gross' operation, and the police department didn't follow upon it, it wouldn't do you any good to have the best wire system in the world, would it?

Mr. MURTAGH. Oh, no; none at all. The Frank Erickson situation is the best instance of it. I dropped it over to the attorney general at Jersey and he just sat on it.

Mr. HALLEY. Here is another instance. I wonder if you think it is a good one. Did you ever hear of the Dugout, the cafe at which Gross was paid off?

Mr. MURTAGH. At which Gross was paid off?

Mr. HALLEY. Well, he paid off the people.

Mr. MURTAGH. I think I have read of it recently in the newspapers.

Mr. HALLEY. I have here a letter addressed to Commissioner John M. Murtagh. It is dated April 26, 1948, which would be 3 months after you said there were no bookmakers left in New York. It says:

DEAR SIR: I believe it is my duty to inform you of bookmakers' hut behind the Dugout Cafe, located at—

some street—

and Flatbush Avenue, Brooklyn, N. Y. This hut is located in the garage lot behind this cafe and next to the gas station. They are doing business in a wide-open manner. This is very annoying to the tenants in the neighboring buildings. I trust some action be taken in this violation of law. I will not sign my name, because I prefer to remain unknown. Thanking you for prompt action, I remain.

Now, I presume you have no personal recollection of such a letter?

MR. MURTAGH. No; I have no recollection of it. I wish you would state what action was taken, because I am sure——

MR. HALLEY. It was referred to the police department.

MR. MURTAGH. Yes, sir.

MR. HALLEY. And then nothing happened.

MR. MURTAGH. And as of that date, referral to the police department meant that it went to Assistant Chief Inspector John J. Travers, and, Louis Yavner, you know John Travers and I think you will readily admit that you couldn't send it to a man of higher integrity. Isn't that true?

MR. HALLEY. Well, what happened to the Dugout? Let's keep it on an impersonal basis, shall we? In fact, it was sent to Police Commissioner Wallander, not to Inspector Travers.

MR. MURTAGH. Yes; but in the nature of things John Travers was his man on gambling, and it was a matter of form for him to refer it to John Travers, and if there is one cop in this town that I will vouch for, it is John Travers.

MR. HALLEY. Well, that's very nice; but this matter, according to the letter from the police department to your deputy commissioner, was referred to the chief inspector for thorough investigation and proper police action.

MR. MURTAGH. Well, that was somewhat unusual. It would normally have gone to the chief inspector's man; but in any event, there was a follow-upon it.

MR. HALLEY. And, of course, nothing happened to Gross; is that right?

MR. MURTAGH. I have no independent recollection of that matter.

MR. HALLEY. In fact, Mr. Yavner is supplied with files of a number of prominent bookies on whom complaints were received, and there was no—they were still running around loose.

MR. MURTAGH. Everything was referred promptly. Of course, we weren't geared to go out and make arrests. That isn't the nature of the department. Mr. Yavner knows that better than anyone else. And we can go down to the department of investigation and find hundreds of bookmaking complaints during the LaGuardia administration, when Mr. Yavner was in office, that took the same course.

MR. HALLEY. Well, didn't you institute a large investigation of bookmaking and the police department?

MR. MURTAGH. Yes.

MR. HALLEY. That is the one I was talking to the Ambassador about at the point when he thought you might be able to help us.

MR. MURTAGH. Well, it's public knowledge that I began it in August of 1946, and I continued it right up to the day I left office. I testified a year later and gave the full benefit of it to Miles McDonald and a grand jury in Brooklyn. I testified before the district attorney of Queens County and a jury, and gave them full information. I regu-

larly turned over information to the various prosecutors of adjoining communities on my own initiative.

Mr. HALLEY. Now, do you remember that I asked you if you ever made a report to the mayor on the situation of gambling in the police department that you were investigating?

Mr. MURTAGH. Asked me if I made a report, as I recall it, in August of 1946, when there was considerable of an uproar, and my answer was "No."

Mr. HALLEY. No; not in August of 1946. As the result of the investigation you began in August of 1946.

Mr. MURTAGH. Well, I made a lot of reports.

Mr. HALLEY. Nobody would be foolish enough to ask you to make a report the month you started the investigation, and you couldn't have really thought I meant that.

Mr. MURTAGH. Well, Mr. Halley, you didn't even get around to speaking to me, except for about 2 minutes on a telephone; isn't that correct?

Mr. HALLEY. You said you just had no report.

Mr. MURTAGH. Did we have a conference?

Mr. HALLEY. I called you on the phone and asked you if you had any report. I made that perfectly clear. And you had none.

Mr. MURTAGH. Let me tell you: As you probably know, there are reports there on telephone wires that went to the various district attorneys, and to the attorney general of Jersey, to the various county prosecutors; and they all went, gentlemen.

Mr. HALLEY. May I quote what you told me on the phone?

Mr. MURTAGH. They all went through Mayor O'Dwyer at his direction to these authorities.

Mr. HALLEY. May I quote what you told me on the telephone, and I wrote it down?

You said no memoranda were made; it was in the nature of an operation, not an investigation; that you were trying to jazz up the cops and not investigate. Do you remember those things?

Mr. MURTAGH. No. I remember that I stressed the fact that I joined to an extent in an operation to assist and to jazz up—that is a good word—to jazz up the police department.

Mr. HALLEY. It's your own words that I jotted down. Don't you also remember saying, "We didn't have any reports because we didn't find any evidence"?

Mr. MURTAGH. Mr. Halley, you have me going through my reports for 4 months.

Mr. HALLEY. We couldn't find any. That is why I called you, Judge. That is why I called you.

Mr. MURTAGH. They are down there.

Mr. HALLEY. Well, they are not. They just are not. There isn't a report in the file.

Mr. MURTAGH. In July of 1947 I reported a series of wires to Mayor O'Dwyer in a regular mayor's report, and included in them was that of Frank Erickson.

Mr. HALLEY. No.

Mr. MURTAGH. And I recommended that that report go to the attorney general of New Jersey, and that report is there today.

Mr. HALLEY. We are not talking about the wire stuff you used, that you got from your wire room. We are talking about the report of this corruption in the police department.

Mr. MURTAGH. I made the report; and the only corruption I ever saw was in 1943 and 1944—and I made a good report on it, something that my predecessor didn't do.

Mr. HALLEY. Well, you investigated corruption in 1946?

Mr. MURTAGH. Oh, yes. I questioned—I did more than that, gentlemen. I took every ranking officer in the Police Department, including the chief inspector, all the assistant chief inspectors, the deputy chief inspectors, the inspectors and the deputy inspectors, and I questioned them, under oath, and you have had access to that testimony.

Mr. HALLEY. And where is the report on that investigation?

Mr. MURTAGH. That was all part of what had gone right up to this day—there is—if you are talking about an analysis of that testimony, I don't think there ever was such.

One thing that I did at the end of that testimony, I think my last witness was the chief inspector, the late Martin Brown, and at that time I said to Martin Brown: "The one thing you need is a young, aggressive top-flight man as your trouble shooter on this problem," and I singled out a man who had impressed Mayor LaGuardia. I again refer to John Travers—and I recommended to Chief Brown that he put on such a man.

I said, "I have no candidate, but I am thinking of a man of that type"; and a week later John Travers was in that spot, and he did a whale of a job.

Mr. HALLEY. Wasn't Lt. John Flynn the man who was assisting you?

Mr. MURTAGH. He was in my office for several months, yes.

Mr. HALLEY. And he was advising you?

Mr. MURTAGH. He can take great credit for laying out this wire room system.

Mr. HALLEY. Well, he later got a television set from Gross, didn't he?

Mr. MURTAGH. That was newspaper talk.

Mr. HALLEY. Well, didn't he?

Mr. MURTAGH. That was the newspaper talk.

Mr. HALLEY. Why disparage it as newspaper talk?

Mr. MURTAGH. The man denies it, and I have no knowledge of it.

Mr. HALLEY. And District Attorney McDonald asserts it; is that right?

Mr. MURTAGH. I don't think that District Attorney McDonald has said that.

Mr. HALLEY. Did you study the financial status of a number of police officers?

Mr. MURTAGH. Close to 500. I went to this point: I not only subpoenaed every bank in New York. I went further. I took in Connecticut, Massachusetts, and I believe Pennsylvania, and I sent every financial institution in those States a subpoena duces tecum, giving them the list of hundreds of cops, and calling on them for information. Of course, legally, they didn't have to comply, and only about 50 percent of them did, and I went that far.

Mr. HALLEY. And you found that a lot of them were sufficiently prosperous?

Mr. MURTAGH. I found no one of them. I am afraid they are either honest or they learned over the years, and I am the fellow

who put the financial questionnaire now being used by District Attorney McDonald in its present form, and I gave everyone of them one of them.

Frankly, I got nowhere, and I don't believe that cops are that honest, but nothing turned up.

Mr. HALLEY. Well, why did you get nowhere, and why didn't you write any of the reports of this investigation of the cops?

Mr. MURTAGH. A report on what?

Mr. HALLEY. On why you got nowhere?

Mr. MURTAGH. That wouldn't serve much of a purpose.

Mr. HALLEY. Well, did your whole investigation serve any purpose?

Mr. MURTAGH. I think it served a great purpose.

Mr. HALLEY. You admit you wrote no report?

Mr. MURTAGH. Wait a while. I wrote lots of reports.

Mr. HALLEY. Well, a few minutes ago you said writing a report wouldn't serve a purpose. Did you or did you not write a report?

Mr. MURTAGH. A report stating I found nothing on their finances—a report was made on a memorandum for the files, but a report to the mayor on something like that wouldn't accomplish anything. Frankly, I am a man of action, not of words.

Mr. HALLEY. Well, what action did you take, Mr. Murtagh?

Mr. MURTAGH. I collaborated with John Travers for several years, and I refer you to the files of the police department, where you will find that there was more activity on bookmakers' wires than at any comparable period in the history of New York, and this system has a lot to do with it.

Mr. HALLEY. I have been hearing about action on wires, and the phone company pulling out wires on the one hand. On the other hand, Commissioner Murtagh—pardon me, Judge Murtagh.

Mr. MURTAGH. Thank you.

Mr. HALLEY. Can you explain why, from 1946 through 1949, the sales of scratch sheets in New York City were higher than ever before, and why no bookies went to jail?

Mr. MURTAGH. That's assuming a fact that I kind of doubt is in evidence. But now that you—

Mr. HALLEY. It is in evidence. We have put in the chart showing—would you like to have the figures? We have it around here.

Mr. MURTAGH. I think it would be well if you published them.

Mr. HALLEY. We did.

Mr. MURTAGH. Because, incidentally, I am a strong advocate of making illegal the publication of racing sheets. But leaving that aside for a moment, Miles McDonald, a man of great competency, and unquestioned integrity, has been investigating bookmaking and police corruption for over a year. And he has yet to convict one single cop. He has indicted two of them for perjury. One of them has been convicted, and the other is at present on trial. Now, I hadn't even grand-jury power. I don't blush for the fact that I didn't find any police officers not taking money. If I had anything like the black book in my time, I am sure I would have.

Mr. HALLEY. You have the black book, and I think I would like to offer it in evidence, Mr. Chairman.

Mr. MURTAGH. It was 3 years old when I got it.

Mr. HALLEY. The witness was 4 months back in the country when you got it.

Mr. MURTAGH. Several months.

Senator O'CONOR. It will be admitted in evidence, and marked for identification, available for use.

(The black book referred to was received in evidence, marked as exhibit No. 27, and is on file with the committee.)

Senator TOBEY. How many bookies, Mr. Witness, do you think were in existence? Did you make a compilation of that?

Mr. MURTAGH. No. It is difficult, Senator, for the simple reason that the closest index I would have to it would be these bookmaking wires. And, of course, many of the cards that we have down in Pine Street, we have over 100,000, in some hundred steel file cabinets. But a great many of the cards record action on perfectly decent citizens' wires. That is to say, the local bookmaker might call up his tailor shop, or something of that kind.

So that those cards, that system has to be used with discretion.

It has involved what it represents today as a great reservoir of research. When a district attorney, either in New York City or in any other community that has relation to New York City, wants to get hold of some big mobster, he can unquestionably study those files to great advantage.

Senator O'CONOR. Any other questions?

Senator HUNT. I would like to ask the witness if he thinks it is possible to pass Federal legislation that would cause A. T. & T. and Western Union to refuse to receive transmission of racing news.

Mr. MURTAGH. I think it most certainly ought to be done.

We have an outfit up in Yonkers, N. Y., called Yonkers Times, and it is nothing but a blind for giving bookmakers regular service.

Now, Western Union is a little more respectable. But I can show you an analysis here that I made from my card system of the activity of this Yonkers Times, and it will show you that a large number of these bookmakers whom I have studied, and whose numbers have been taken away from in Jersey, have been in communication with the Yonkers Times. I can't quite find it here at the moment; I know I have it.

Senator O'CONOR. Judge, if later, upon examination, you find it, you can supply it then.

Mr. MURTAGH. All right.

But there is no question in my mind that we ought to get realistic about the publication of racing information. We all know that it is going for nothing but betting. Our best newspapers are hypocritical. Why don't these newspapers who seem to have a genuine interest in stopping organized gambling, stop publishing reports of how horses run? Certainly, no one is interested in what a nag came in for, except to find out whether he won money. And it is about time the newspapers would be harnessed and stop publishing those. And, if necessary, we ought to have legislation to that effect.

This cry of freedom of the press is hypocritical.

Senator HUNT. I would like to ask the witness:

Have you had the difficulty of jerking phones out of one drop and, 30 minutes later, finding them installed in another place?

Mr. MURTAGH. Not too much in New York. I at one time had some men do this: that when a bookmaker's wire was pulled, and he would go into court, I would have one of my men go to court and give him

a tail from court. And he invariably wound up in another wire room, at which point we pulled that wire.

But after a while the manpower problem licked me on that, and I discontinued it.

But I saw from that they had a network, and when you knocked one out, they immediately went to work in another.

Mr. HALLEY. You were never able, though, to get above the little bookie to the big fellows, were you?

Mr. MURTAGH. I am the one man in this town who has gotten right up to the top.

Mr. HALLEY. And what top bookies did you get?

Mr. MURTAGH. Frank Erickson, Joe Adonis.

Mr. HALLEY. I mean, in the O'Dwyer administration?

Mr. MURTAGH. I am talking about the O'Dwyer administration. In the O'Dwyer administration, I gave information to the Jersey authorities on Frank Erickson, Joe Adonis, Willie Moretti.

Mr. HALLEY. And the Jersey authorities did nothing about it until a few months ago?

Mr. MURTAGH. They did, in 1950.

The CHAIRMAN. May I ask one question:

As I remember, they finally found that Mr. Erickson had an office here in New York, and that that was the jurisdiction under which he was prosecuted, in New York.

Wasn't that office here for quite a number of years?

Mr. MURTAGH. Yes. But you know, Senator, we have had District Attorney Dewey, and more recently, District Attorney Hogan, and it would have been more their province to do something about that than it would have been mine. And I have no question—

The CHAIRMAN. Wasn't that the police department's province?

Mr. MURTAGH. Yes. And the district attorney. We had Arthur Wallander, about whose integrity there is no question.

The CHAIRMAN. And I believe—

Mr. MURTAGH. To answer your question briefly—

The CHAIRMAN. Well, they never found his office till after Mr. Erickson came down to Washington.

Mr. MURTAGH. Frankly, I don't think he was operating here.

The CHAIRMAN. Well, he came down to Washington and gave some information about it, I think.

Mr. MURTAGH. My office, during the LaGuardia administration, when Mr. Yavner was there, had Frank Erickson in, questioned him, and his accountant, and all that sort of thing, but they couldn't find operations in New York. I believe at that time, and I know that during our administration, his main headquarters was in Cliffside, N. J., and I could do no more than to give the information to Van Riper, who was the attorney general.

Senator TOBEY. Is it true, to your knowledge and belief, that here in New York cars were run out to New Jersey, to Cliffside, where the headquarters were?

Mr. MURTAGH. Yes.

Senator TOBEY. Daily, and that a man didn't put a telephone call in for these cars, but in some way the word was passed around and they went and got the pass to take it down there and then bring it back? Isn't that right?

Mr. MURTAGH. Yes, there has been a good deal of that. We always had trouble with the law as to whether that was an offense in New York, and I don't believe it is.

Mr. HALLEY. You say "we"—wasn't that Mr. Hogan's job? You are not taking credit for that gambling conviction, are you?

Mr. MURTAGH. The police department observed that from time to time. I am not talking about the Erickson indictment on that score.

Mr. HALLEY. Well, talking about the Adonis-Guarino thing?

Mr. MURTAGH. I have the greatest respect for District Attorney Hogan. I am trying to take nothing from him.

Senator TOBEY. Did you know of a policeman named Broderick that handled that transportation in those cars for \$25 a car for doing it?

Mr. MURTAGH. I know of a policeman, a former policeman, by the name of Broderick. I never knew he was in that business.

Senator TOBEY. Do you know he got \$25 for each car?

Mr. MURTAGH. No; I didn't, Senator.

Senator TOBEY. Well, I will leave that for tomorrow.

Senator O'CONOR. All right, Judge. Thank you very much indeed.

(Thereupon, Mr. Murtagh withdrew from the hearing room.)

Senator O'CONOR. Call Frank Costello.

It is unnecessary to administer the oath to the witness. He, of course, is considered still to be under the oath that he took last week in this same proceeding, and if it is in accordance with the wishes of the witness and his counsel, as to whether or not he be televised—

Mr. WOLF. Well, I understood that the request that was made will still be observed.

Senator O'CONOR. That same request will be observed and the television operators will kindly be guided accordingly.

FURTHER TESTIMONY OF FRANK COSTELLO, NEW YORK, N. Y., ACCOMPANIED BY GEORGE WOLF, ATTORNEY

Senator O'CONOR. At the conclusion of the hearing the other day, March 15 and 16, certain questions were asked of the witness, Frank Costello, which the committee would like to have repeated at this time. One question is, "Are you, Frank Costello, familiar with the testimony given before this committee of Francis McLaughlin?"

Mr. WOLF. May I, in respect to that question, Mr. Chairman, bring your attention and the attention of the committee to statements made by various members of the committee at the close of the session—

Senator HUNT. Mr. Chairman, I want to get straightened out before we start on this witness. You asked the witness a question. The counsel immediately answered. Now, in what hearings I have conducted, counsel merely appears as a courtesy on the part of the committee. He addresses his remarks to his client.

I do not feel that we, as a committee—as a senatorial committee—are here to listen to this attorney. We are here to interview Mr. Costello. I want that on the record.

Senator O'CONOR. Well, it has been the practice of the committee thus far to accord to counsel the opportunity to make any statements with respect to any legal question which bears upon the relevancy of

the question or anything pertaining to the question of it, and I presume, Mr. Wolf, that that is what you have in mind?

Mr. WOLF. Yes, sir. It is in the nature of an objection.

At the conclusion of the hearing on March 14, after the witness had testified regarding the subject matter that you just asked him about, and after the witness, McLaughlin, I think that is his name, testified, comments were made by members of the committee plainly indicating that it was their belief that the witness had committed perjury. As a matter of fact, they stated that because of this belief that perjury was committed, the matter was being forwarded to the Attorney General, the United States attorney's office, for action.

It seems to me that in view of the definite action taken by this committee, that it would be unfair to interrogate the witness further except insofar as to ascertain from the witness whether he intends to make any explanation of the statements he has made or whether he intends to stand on those statements.

Senator O'CONOR. Well, Mr. Wolf, I might say, just in explanation for the reason for propounding the question again, that it is our viewpoint that it might be only fair to afford to the witness the opportunity of making any explanation he desires to make, either to answer the question categorically and then offer any explanation he desires, and it really is with a view to giving him the opportunity that that question is asked.

Mr. WOLF. I think that is very fair, and may I confer with the witness?

Senator O'CONOR. Yes, indeed.

Now, will you answer?

Mr. COSTELLO. Senator, I stand on the answer I already have made.

Senator O'CONOR. You stand upon the answer. So that the committee may understand your position, is it correct to state that you decline to answer the questions?

Mr. COSTELLO. I do. From here in, I decline.

Senator O'CONOR. You decline to answer? The committee now directs that you answer. And are we to understand that you refuse?

The CHAIRMAN. Senator O'Conor, I understood Mr. Costello to mean that he stood on the answer to the question that he had not gotten anyone to see whether his wire was tapped or not.

Is that what he meant to say?

Mr. WOLF. Could I interpret it? I so understand that that's his——

The CHAIRMAN. I didn't understand that he was refusing to answer any question.

Mr. WOLF. Oh, no.

The CHAIRMAN. I understood he was standing on his previous answer, that he had not secured anyone or paid anyone to see whether his wire was tapped.

Mr. WOLF. That's the position that he has taken.

Senator O'CONOR. All right.

The CHAIRMAN. And Senator O'Conor——

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. May I also—I don't know what page Mr. Wolf is referring to——

Mr. WOLF. Nine.

The CHAIRMAN. I said the testimony of Costello and Mr. McLaughlin could not stand up together, but that somebody was committing perjury, and that the record was going to be referred to the Department of Justice. I think that is what you refer to.

Mr. WOLF. Page 9; I have the pages.

Senator O'CONOR. Now, the next question that I would ask of the witness is whether or not you had a meeting with Mr. William O'Dwyer in the year 1942, or approximately at that time?

Mr. COSTELLO. Yes.

Senator O'CONOR. You did. The next question I wish to ask is: Do you know James Moran?

Mr. COSTELLO. Yes.

Senator O'CONOR. The next question I wish to ask is: Do you know Frank Bals?

Mr. COSTELLO. No.

Senator O'CONOR. All right, Mr. Halley.

Mr. HALLEY. I take it, those are the questions that the witness had previously refused to answer?

Senator O'CONOR. That's correct.

Mr. HALLEY. Now, how well do you know James Moran?

Senator O'CONOR. Will you just get a little closer to the microphone and keep your voices up?

Mr. COSTELLO. Well, I know him very well—enough for him to come to my home.

Mr. HALLEY. When did you first meet James Moran?

Mr. COSTELLO. I couldn't really remember when I first met him.

Mr. HALLEY. Do you recall having met him on one occasion when he came to your home with the then Major O'Dwyer?

Mr. COSTELLO. No, I don't recall.

Mr. HALLEY. Do you recall Major O'Dwyer coming to your home?

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. What do you recollect about that incident? Can you place, first of all, the time?

Mr. COSTELLO. Mr. Halley, I believe you asked that question, and I have answered it already.

Mr. WOLF. Answer it, Mr. Costello.

Mr. HALLEY. Answer it again. We would like to have your answer now.

Mr. COSTELLO. I remember he was to my home, and he was inquiring about a fellow named Joe Baker, on a war fraud, or something. I don't remember the incident. He asked me if I knew Joe Baker.

I told him I did. And he asked me if I had any knowledge of him, of the Baltimore, or something—I just don't remember—purchasing merchandise or something. I said, "I know Baker but I don't know what business he is in. I really don't know if he is the Baker you have reference to."

Mr. HALLEY. And is that the whole conversation?

Mr. COSTELLO. Then he asked me if I had any interest, if I was sort of fooling around with that same type of business. And I told him no, absolutely not.

Mr. HALLEY. What other discussion did you have?

Mr. COSTELLO. Well, I don't know. I just don't remember.

Mr. HALLEY. How did he happen to get your apartment?

Mr. COSTELLO. I wouldn't—I wouldn't remember how he got there.

Mr. HALLEY. Who made the appointment?

Mr. COSTELLO. I just don't remember who made the appointment.

Mr. HALLEY. How often have you seen William O'Dwyer?

Mr. COSTELLO. To my recollection, I believe that is the only time that he has been to my home or I met him any other place.

Mr. HALLEY. How long did you talk with him about this Joe Baker?

Mr. COSTELLO. It wasn't any too long. It might have been 15, 20 minutes, a half hour or so.

Mr. HALLEY. And during that time, did you come to the conclusion that his Joe Baker and yours were the same or different persons?

Mr. COSTELLO. Well, I thought it might have been a different Baker.

Mr. HALLEY. And you told him that?

Mr. COSTELLO. Well, I didn't tell him that, but I just don't remember, but I do remember that he was doubtful, also doubtful if it was the same Baker.

Mr. HALLEY. Now, your Baker is also named Joe Baker?

Mr. COSTELLO. Joe Baker; yes, sir.

Mr. HALLEY. It has since turned out to be the same one he was looking for; is that right?

Mr. COSTELLO. Well, I wouldn't know.

Mr. HALLEY. You still haven't learned that?

Mr. COSTELLO. I don't know. I haven't heard.

Mr. HALLEY. When did you last see Joe Baker?

Mr. COSTELLO. I see Joe Baker very often.

Mr. HALLEY. When did you last see him?

Mr. COSTELLO. I seen Joe Baker Friday or Saturday.

Mr. HALLEY. And what did you talk about?

Mr. COSTELLO. Well, we talked in general, and, of course, I really—I told him that I had answered that question put to me.

Mr. HALLEY. This last Friday?

Senator O'CONOR. Just this last Friday?

Mr. COSTELLO. Last Friday.

Senator O'CONOR. Was it the same day you were unable to answer the questions of the committee that you had this conversation?

Mr. COSTELLO. I don't believe it was the same day. I think it was the day after, because I haven't been here a couple of days.

Mr. HALLEY. Where did you see him?

Mr. COSTELLO. He was at my home.

Mr. HALLEY. How long did you talk to him?

Mr. COSTELLO. I spoke to him about an hour. He paid me a visit.

Mr. HALLEY. Why were you able to talk to him and not to the committee?

Mr. COSTELLO. Well, the talk I had with him wasn't—was no exertion.

Mr. HALLEY. What were you doing, getting together on your stories?

Mr. COSTELLO. Well, he came up to my home, and it wasn't a question of me getting together on any story, because it wasn't that important, because what I told you was the absolute truth.

Mr. HALLEY. Well, what is the truth about your relationship with Baker?

Mr. COSTELLO. Just a fellow that I know about town.

Mr. HALLEY. How long have you known him?

Mr. COSTELLO. Oh, for years.

Mr. HALLEY. And what business have you had with Baker?

Mr. COSTELLO. I never had any business with Baker.

Mr. HALLEY. Is he also a friend of Phil Kastel?

Mr. COSTELLO. I believe he knows Mr. Kastel; yes.

Mr. HALLEY. And do you from time to time ever have occasion to phone Baker?

Mr. COSTELLO. Sure; I call him.

Mr. HALLEY. And Kastel from time to time phones him?

Mr. COSTELLO. I wouldn't know. You would have to ask Mr. Kastel.

Mr. HALLEY. Well, don't you use his phone as a sort of exchange of information?

Mr. COSTELLO. Use whose phone?

Mr. HALLEY. Joe Baker, alias Joseph Zucker.

Mr. COSTELLO. Do I use his phone?

Mr. HALLEY. Yes.

Mr. COSTELLO. Well, if I am up in his apartment, and I have occasion if I want to call someone, just like you would do if you were in my apartment.

Mr. HALLEY. And Kastel does the same?

Mr. COSTELLO. I don't know about Kastel.

Mr. HALLEY. Where does Zucker live?

Mr. COSTELLO. At the Madison Hotel.

Mr. HALLEY. That is his other name, Zucker?

Mr. COSTELLO. What?

Senator O'CONOR. The question is whether Baker has another name, that of Zucker.

Mr. COSTELLO. Yes.

Mr. HALLEY. And he lives at the Madison Hotel?

Mr. COSTELLO. That's right.

Mr. HALLEY. And he has lived there for quite a while?

Mr. COSTELLO. Quite a while.

Mr. HALLEY. During the war period; is that correct?

Mr. COSTELLO. I imagine so. He has been living there for years.

Mr. HALLEY. And the Madison Hotel is one place where you made a practice of having cocktails and meeting friends and talking?

Mr. COSTELLO. Well, I would go in there occasionally for a drink; yes.

Mr. HALLEY. Now, you saw him frequently during the years 1943 and 1942 also, did you not?

Mr. COSTELLO. I believe I have.

Mr. HALLEY. How long after you saw Major O'Dwyer did you see Joe Baker?

Mr. COSTELLO. Well, I wouldn't remember. You are going back 9 years or so. I wouldn't know. Sometimes I don't see him for months.

Mr. HALLEY. You saw him very shortly after that, did you not?

Mr. COSTELLO. I don't remember if I did or not.

Mr. HALLEY. Didn't you tell him that you had spoken to Major O'Dwyer about him?

Mr. COSTELLO. I don't remember if I did.

Mr. HALLEY. Is it possible?

Mr. COSTELLO. It is possible.

Mr. HALLEY. And is it possible that you asked him what his business was?

Mr. COSTELLO. It is possible. But I just don't remember.

Mr. HALLEY. Well, did you? Do you remember?

Mr. COSTELLO. No; I don't remember.

Mr. HALLEY. Did you ever call up Major O'Dwyer and say, "I have checked with Baker and found out that he is the fellow you are looking for"?

Mr. COSTELLO. No; I never called up Mr. O'Dwyer.

Mr. HALLEY. Did you make an attempt, after your talk with Major O'Dwyer, to get hold of Baker and get the information for the major?

Mr. COSTELLO. No, I didn't.

Mr. HALLEY. Did he ask you to?

Mr. COSTELLO. Well, I presume at the time that he had the wrong Baker. From his conversation, I thought it was the wrong Baker, and I never bothered.

Mr. HALLEY. Why did you just presume?

Mr. COSTELLO. Well, it wasn't that important to me to—the way Mr. O'Dwyer spoke, I just thought it might not have been the same Baker.

Then again, maybe I did talk to Mr. Baker. I just don't remember; 10 years ago.

Mr. HALLEY. But you did nothing about notifying Major O'Dwyer?

Mr. COSTELLO. No.

Mr. HALLEY. And if now it turns out that your friend Mr. Joe Baker, alias Joe Zucker, is the right man—that is something you didn't know at the time?

Mr. COSTELLO. I don't know anything about that.

Mr. HALLEY. At the time you spoke to the major, you were just, in effect, talking about a man named Joe Baker?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you didn't help him?

Mr. COSTELLO. He wanted to know if I knew Baker was in that sort of a business, and I told him I didn't.

Mr. HALLEY. Who brought him up there to your home; don't you remember?

Mr. COSTELLO. I don't remember how he got there.

Mr. HALLEY. You don't remember whether he had Mr. Moran with him?

Mr. COSTELLO. It is possible; but I just don't remember.

Mr. HALLEY. After that time, in any event, you saw Moran?

Mr. COSTELLO. Yes.

Mr. HALLEY. More or less frequently?

Mr. COSTELLO. Well, I have seen Moran; yes.

Mr. HALLEY. Do you remember whether he had Sherman with him, or whether Sherman was present at the meeting at your home?

Mr. COSTELLO. I don't even remember if Moran was at my home.

Mr. HALLEY. Do you remember if O'Dwyer had a previous appointment?

Mr. COSTELLO. With me?

Mr. HALLEY. Yes.

Mr. COSTELLO. I wouldn't remember that.

Mr. HALLEY. You just don't remember anything about it?

Mr. COSTELLO. I just don't remember it.

Mr. HALLEY. What we have been trying to find out is, first, whether you remember whether Mike Kennedy was there. Do you remember that?

Mr. COSTELLO. No. It is possible he could have been there, but I just don't remember.

Mr. HALLEY. Do you remember anything about the meeting, other than that—

Mr. COSTELLO. Mr. Halley, you bring me back 10 years ago now, and I don't carry a diary.

Mr. HALLEY. Strangely enough, when we cross-examined you at the closed session, you popped right out and said you remembered that it was about a man named Joe Baker. That seemed to stick in your mind.

Mr. COSTELLO. That's right.

Mr. HALLEY. But you couldn't remember another thing about it. I don't understand why you should remember it was about Joe Baker.

Mr. COSTELLO. The reason I remember, because it was very impressive, Mr. O'Dwyer had a uniform on.

Mr. HALLEY. Well, if you were impressed, why didn't you go to see Joe Baker and do something about it for Mr. O'Dwyer?

Mr. COSTELLO. I believe I told you that I thought he was on the wrong track, and I didn't think it was important enough. Then again, I might have. But I just don't remember.

Mr. HALLEY. Now, if the other persons who were present say that the leader of Tammany Hall was there, would you deny it?

Mr. COSTELLO. I don't believe I would deny it; no.

Mr. HALLEY. What would he have been doing at your home on occasion when you had a business appointment with a major in the United States Army?

Mr. COSTELLO. I didn't say I had an appointment.

Mr. HALLEY. Well, would Mr. O'Dwyer have just wandered in without an appointment?

Mr. COSTELLO. Possibly. Maybe that same evening, or he might announce himself—I just don't remember the instance.

Mr. HALLEY. Well, there is a lot of confusion about it. But Mr. Moran testified that he arranged an appointment through Mike Kennedy. Does that in any way fit your recollection?

Mr. COSTELLO. It don't fit my recollection, but it's possible.

Mr. HALLEY. And Major O'Dwyer testified in 1945 that Mr. Sherman made the appointment. Is that also possible?

Mr. COSTELLO. It's possible also.

Mr. HALLEY. And you are unable to help us get to the bottom of this thing?

Mr. COSTELLO. I don't believe I can.

Mr. HALLEY. Well, assuming that one of those gentlemen is giving us the accurate fact of what happened, that an appointment was made by either Sherman or by Moran through Kennedy, so that assume there was an appointment—it may be wrong—could you explain why Mr. Kennedy and Mr. Stand would be there for this meeting?

Mr. COSTELLO. Well, Mr. Kennedy has been in my home a few times and I probably invited him up there for a cocktail or something. I just don't remember.

MR. HALLEY. Well, would you be apt to invite him for a cocktail at the same time that you were expecting Major O'Dwyer?

MR. COSTELLO. Well, I wouldn't have hesitated, but I don't believe that—I just don't remember the incident. I wouldn't have hesitated; no.

MR. HALLEY. Well, you would be more apt to say, "You'd better time it to come in a half hour later," or something like that, wouldn't you, to try to avoid an embarrassing meeting?

MR. COSTELLO. What's embarrassing about it?

MR. HALLEY. Well, Mr. O'Dwyer had private business.

MR. COSTELLO. Well, I didn't know his business. I didn't know why he wanted to see me.

MR. HALLEY. Well, it was certainly Air Corps business; you knew that?

MR. COSTELLO. Well, I knew that he was—I read about it—in the Army, but I just don't know if it was private, that I shouldn't have guests in my home.

MR. HALLEY. Well, Kennedy was at that time leader of Tammany Hall; is that right?

MR. COSTELLO. I believe he was; yes.

MR. HALLEY. He was a man who was very indebted to you; was he not?

MR. COSTELLO. Well, in a way. I helped him.

MR. HALLEY. Well, wouldn't it be fair to say that you helped him very substantially?

MR. COSTELLO. Well, you call it whatever you may, but I admit I helped him.

MR. HALLEY. How did you help him?

MR. COSTELLO. I believe I told you that time and time again, Mr. Halley.

MR. HALLEY. Well, you did tell the committee once, but as I think I have stated to you—

MR. COSTELLO. I believe I told you more than once.

MR. HALLEY. Stated to you and to your counsel, I, speaking for myself, felt that some of that testimony in the executive session wasn't completely frank and that I certainly wanted to go over it all again, and that is what, with the committee's permission, I am trying to do at this time. Therefore I will ask you the question again: How did you help Kennedy, and I refer to Congressman Mike Kennedy, who was in 1943 the leader of Tammany Hall?

MR. COSTELLO. Just by talking to some leaders that were friendly with me.

MR. HALLEY. To which leaders did you talk?

MR. COSTELLO. Oh, I might have spoken to Jimmy Kelly and Frank Mancuso, Sarubbi, a few others. I just don't remember now.

MR. HALLEY. Well, let us start with Jimmy Kelly. He was the leader in the second district; is that right?

MR. COSTELLO. Yes.

MR. HALLEY. And he is now deceased?

MR. COSTELLO. He is now dead.

MR. HALLEY. His son, however, is still leader there; is that right?

MR. COSTELLO. That's right.

Mr. HALLEY. His right name was Jimmy De Salvio, and his son is Louis De Salvio?

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. And Jimmy Kelly was an old friend of yours, was he not?

Mr. COSTELLO. That's right.

Mr. HALLEY. He had a son-in-law or a son, Augie Pisano, Little Augie?

Mr. COSTELLO. That's right.

Mr. HALLEY. Who was, of course, a very good friend of yours; is that right?

Mr. COSTELLO. Well, he is a friend. I know him, yes. I have known him for years. I wouldn't say good friend; he is a man about town that I know.

Mr. HALLEY. Well, he is a man about New York and he is about Miami, too, is he not?

Mr. COSTELLO. Yes.

Mr. HALLEY. And then you mentioned Frank Mancuso. Is he another old friend of yours?

Mr. COSTELLO. Yes.

Mr. HALLEY. In fact, you have known him for very many years; is that right?

Mr. COSTELLO. Many, many years, yes.

Mr. HALLEY. Very closely; is that correct?

Mr. COSTELLO. Very close, yes.

Mr. HALLEY. You might say on an intimate basis; is that right?

Mr. COSTELLO. Well, we are very close.

Mr. HALLEY. And well, you really are intimate?

Mr. COSTELLO. Yes.

Mr. HALLEY. Then you have mentioned Dr. Sarubbi. But before we go to him, Frank Mancuso is still a leader, is that right, in the sixteenth?

Mr. COSTELLO. Yes.

Mr. HALLEY. Then we have Dr. Sarubbi; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. Was he a very close friend of yours, too?

Mr. COSTELLO. Sarubbi? Yes, he was a doctor, a friend of mine, a leader, and in fact he treated me a few times.

Mr. HALLEY. He is a doctor; in fact, you called up to speak to Willie Moretti and see how Willie was.

Mr. COSTELLO. Yes.

Mr. HALLEY. There were some other leaders to whom you spoke in connection with your efforts to have Kennedy made head of the Hall. First of all, there was Clarence Neal, was there not?

Mr. COSTELLO. That's right.

Mr. HALLEY. In fact, Neal first spoke to you in an effort to have you support Fay, is that right?

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. And I believe you told Neal you were committed to Kennedy; is that right—no, it was the other way, you told Kennedy?

Mr. COSTELLO. That's right.

Mr. HALLEY. You were committed to Fay?

Mr. COSTELLO. That's right.

Mr. HALLEY. What did you mean, you were, as a nonpolitician, when you said to a political leader that you were committed to somebody?

Mr. COSTELLO. Well, I am not a politician; I might be a friend of politicians.

Mr. HALLEY. What did you mean when you said you were committed to Fay?

Mr. COSTELLO. Because Neal spoke to me about Fay.

Mr. HALLEY. And you promised Neal you would support Fay?

Mr. COSTELLO. Well, I promised him that I would help him, yes.

Mr. HALLEY. So when Kennedy saw you, you said you were committed?

Mr. COSTELLO. That's right.

Mr. HALLEY. How did you meet Kennedy?

Mr. COSTELLO. Oh, I met him years ago, many years ago I met him.

Mr. HALLEY. Did Frank Erickson refer him to you in connection with his aspirations to become leader of Tammany Hall?

Mr. COSTELLO. I wouldn't remember. I know somebody spoke to me. I don't know just who.

Mr. HALLEY. Could it have been Frank Erickson?

Mr. COSTELLO. But I knew Kennedy myself.

Mr. HALLEY. About a year ago there was published in one of the newspapers an interview with the then deceased Kennedy, an interview that had taken place some years before and the writer thought he could make it public now that Kennedy was gone, and he said that Kennedy said he had bumped into Frank Erickson and, telling Frank Erickson his troubles, saying that he had only a third of a vote, and that Erickson said, "I know a man who has six votes," and sent him to you, and that when he came to you you were so impressed with his frankness as to his lack of support that you were inclined to help him out if you could; does that strike any responsive chord in your memory?

Mr. COSTELLO. It is possible, Mr. Halley; it is possible.

Mr. HALLEY. It could have happened that way?

Mr. COSTELLO. It could have happened that way, yes.

Mr. HALLEY. Did Frank Erickson from time to time take an interest in politics, as you did?

Mr. COSTELLO. No, absolutely not.

Mr. HALLEY. It was yourself, primarily?

Mr. COSTELLO. That's right.

Mr. HALLEY. In any event, the time came when it appeared that Fay could not be put over; is that right?

Mr. COSTELLO. Well, it was a case of either one of them didn't have enough votes, Mr. Halley. That's why I told Mr. Kennedy that I was committed to Mr. Fay.

Mr. HALLEY. Then you swung the deal, didn't you?

Mr. COSTELLO. Whoever had the votes. If you have no votes you stuck with Fay, or vice versa.

Mr. HALLEY. And then you swung to Kennedy, and he got elected: isn't that about what happened?

Mr. COSTELLO. Well, I imagine that would be; yes. No; I don't believe that Mr. Fay would have enough of votes with my swinging toward him.

Mr. HALLEY. You think that even with your support, Fay couldn't get it?

Mr. COSTELLO. That's right.

Mr. HALLEY. So that you then tried to swing to——

Mr. COSTELLO. Because if I committed myself to Fay first, I would have went along with him regardless.

Mr. HALLEY. So when it appeared you couldn't put Fay across, you then switched to Kennedy and did get him through?

Mr. COSTELLO. I imagine that would be it; yes.

Mr. HALLEY. In the effort to get support for Fay, you remember talking to a leader, Paddy Sullivan?

Mr. COSTELLO. Yes. I believe I have spoken to Paddy Sullivan.

Mr. HALLEY. You remember asking him to come to your home?

Mr. COSTELLO. He was to my home. I imagine I probably did send for him.

Mr. HALLEY. That's the instance, I think, in which he said he met Socks Lanza either in the elevator coming up, or up in your apartment.

Mr. COSTELLO. That's right—just a little discrepancy. He said he met him in my home, and I said Lanza was downstairs.

Mr. HALLEY. In any event, Lanza came up with him?

Mr. COSTELLO. No; he didn't.

Mr. HALLEY. I think you so testified in the Aurelio proceedings. In any event, Lanza has been in your home, hasn't he?

Mr. COSTELLO. Yes.

Mr. HALLEY. So there is no issue here.

Mr. COSTELLO. Yes.

Mr. HALLEY. And you told Paddy Sullivan that you would like him to support Fay; is that right?

Mr. COSTELLO. Well, I just told him—whether it was Fay or Kennedy at the time I wouldn't know.

Mr. HALLEY. You remember he said he wouldn't support anybody whom Neal wanted?

Mr. COSTELLO. Well, I wouldn't remember that. Whether it was Kennedy or Fay I wouldn't remember.

Mr. HALLEY. In any event, he wouldn't go along with you?

Mr. COSTELLO. But I did ask him to support some one of the two.

Mr. HALLEY. And he said, "No"; is that right?

Mr. COSTELLO. No; he didn't say, "No," at all, if my recollection is right. I think he said he would let me know, or something. He might have said, "No," but that's my recollection.

Mr. HALLEY. He said that he wouldn't report anybody that had Neal's support, and you said, "Well, think it over." Isn't that right?

Mr. COSTELLO. It's possible.

Mr. HALLEY. And, in fact, you told him that you would help him in his next primary campaign if he would go along with you?

Mr. COSTELLO. Well, I don't remember. But it's possible.

Mr. HALLEY. It is possible that you told him that?

Mr. COSTELLO. Yes; it's possible.

Mr. HALLEY. Now, how would you have helped him in his next primary campaign?

Mr. COSTELLO. Well, maybe I could talk to people. Some of these captains, or somebody around there. I don't know.

Mr. HALLEY. Let's be a little more specific. When you are talking to a politician, and you tell him you are going to help him in his next primary campaign, you must have something in mind that you can do.

Mr. COSTELLO. Well, I don't know. That has been my neighborhood all my life. The chances are that I was willing to talk to people; voters around there.

Mr. HALLEY. Would you be in a position to send any workers up to help him in the campaign?

Mr. COSTELLO. Well, just what do you mean by "workers"?

Mr. HALLEY. Any campaign helpers to help him?

Mr. COSTELLO. Well, I don't know. Maybe I would have done that; yes. It's possible.

Mr. HALLEY. Would you have been in a position to make any contribution to the campaign?

Mr. COSTELLO. I would have been in a position to make it, but I wasn't making any.

Mr. HALLEY. That is one thing I don't understand, why you never made a campaign contribution?

Mr. COSTELLO. Because I didn't think that it was necessary for me to make any contributions.

Mr. HALLEY. We haven't quite developed the extent of your friendship with these various leaders yet at least here at the public hearing. But you and I have talked about it a bit.

I wonder if at this point you might explain to the committee what was the basis of your ability to persuade these politicians?

Mr. COSTELLO. Well, I can't readily explain that, Mr. Halley. The idea is that I have been living all my life in the neighborhood, in Manhattan Island. I know them, know them well, and maybe they got a little confidence in me. And if I use a little judgment and say that "You should do this because he would make a good leader, and honest leader," I don't know; I can't explain that.

Mr. HALLEY. Well, it goes further than that, doesn't it, Mr. Costello?

Mr. COSTELLO. Oh, many of us have lived in New York all of our lives.

Mr. HALLEY. I think you have testified you haven't ever even voted; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. You are not a member of any political organization?

Mr. COSTELLO. No, sir.

Mr. HALLEY. You never were?

Mr. COSTELLO. No.

Mr. HALLEY. You never made a political contribution?

Mr. COSTELLO. No. I am not a politician.

Mr. HALLEY. It is very difficult for me to understand how you would be the man who would be able to sway the election of a Tammany leader, as you did on this occasion in 1942, under those circumstances.

Can't you enlighten this committee on the sort of your influence, the reason why these people have faith, confidence in you?

Mr. COSTELLO. I don't believe I can, Mr. Halley.

Mr. HALLEY. Do they fear you?

Mr. COSTELLO. Why should they fear me?

Mr. HALLEY. Well, do they?

Mr. COSTELLO. Well, you know they don't.

Mr. HALLEY. Are you in a position, by one means or another, to defeat them in primary campaigns?

Mr. COSTELLO. No, I am not in that position at all, Mr. Halley.

Mr. HALLEY. Isn't it a fact that Paddy Sullivan, a few years later, was defeated in a primary campaign?

Mr. COSTELLO. Well, that's his business. I don't know about that.

Mr. HALLEY. Well, you asked for his help and offered to help him in his primary campaign; is that right?

Mr. COSTELLO. I don't remember that. I might have.

Mr. HALLEY. It might have happened?

Mr. COSTELLO. It might have.

Mr. HALLEY. You aren't denying it, anyhow?

Mr. COSTELLO. That's right.

Mr. HALLEY. And a couple of years later, when it turned out that he didn't help you, and he got licked in a primary campaign, is it fair to assume that his fate might have been otherwise if he had had enough sense to help?

Mr. COSTELLO. I can't answer that question. Don't charge it to me, because I didn't participate in anything like that.

Mr. HALLEY. Well, you would have wanted it charged to you if he had helped you and then you had gone and helped him in his campaign, then he was elected in this primary and continued on as a leader?

Mr. COSTELLO. You could not have charged it to me. My help wouldn't be enough.

Mr. HALLEY. You insist on being modest on your political persuasiveness and political power?

Mr. COSTELLO. I don't know what you mean by being modest. I know I am not a politician. I am a friend of some politicians.

Mr. HALLEY. Let us see how many you are a friend of.

At the same time, you were working on having Kennedy elected, you knew Abe Rosenthal; is that right?

Mr. COSTELLO. Yes; I believe I did, sure.

Mr. HALLEY. And he was the leader in the Eighth?

Mr. COSTELLO. Well, I don't know. If you say "Eighth," it's the Eighth.

Mr. HALLEY. And he was a very good friend of yours, is that right?

Mr. COSTELLO. No; I would not call him a very good friend.

Mr. HALLEY. Well, he was a good friend of yours, wasn't he?

Mr. COSTELLO. Well, it all depends what you call a good friend. I knew him.

Mr. HALLEY. You saw him——

Mr. COSTELLO. I knew him.

Mr. HALLEY. And you went, I think, to his daughter's wedding; isn't that right?

Mr. COSTELLO. That's right, that's right.

Mr. HALLEY. And you had a meal with him on occasion?

Mr. COSTELLO. I believe I probably had lunch with him one day, yes.

Mr. HALLEY. And when he wanted Judge Aurelio nominated, he came to you and asked for help?

Mr. COSTELLO. No, he didn't.

Mr. HALLEY. Oh, didn't he?

Mr. COSTELLO. I don't believe he did.

Mr. HALLEY. Is your memory right on that?

Mr. COSTELLO. Well, I don't know. You are going back many years.

Mr. HALLEY. Well, it might be that he did; is that right?

Mr. COSTELLO. Sarubbi was the first man that spoke to me.

Mr. HALLEY. Sarubbi spoke to you first?

Mr. COSTELLO. That's right.

Mr. HALLEY. And then, as I recall it, Rosenthal spoke to you?

Mr. COSTELLO. It's possible. It's in his district.

Mr. HALLEY. And you went to Rosenthal's beefsteak dinner; isn't that right? First he spoke to you at his daughter's wedding, and then you went to the beefsteak dinner and he spoke to you?

Mr. COSTELLO. I don't know about the first or second. I know I went to his daughter's wedding.

Mr. HALLEY. And then you went to the beefsteak dinner?

Mr. COSTELLO. I don't know which is the first or after. I don't know.

Mr. HALLEY. And don't you remember his asking you to support Judge Aurelio?

Mr. COSTELLO. No. The only thing I know about Rosenthal is that Aurelio was from this club, from his district.

Do you want me to continue?

Mr. HALLEY. Yes, will you, please? Go right ahead. I was just asked about some testimony.

Mr. COSTELLO. And I met him, and he told me that he was very happy that his judge got the nomination, or was about to get the nomination—I just don't remember. He said, "That gives me a chance for a secretaryship or something."

Mr. HALLEY. Yes?

Mr. COSTELLO. And he asked me would I put in a good word with Kennedy, and I told him I couldn't very well do that.

Mr. HALLEY. Who asked that first? Who asked you that first, Sarubbi?

Mr. COSTELLO. No; we aren't talking of Sarubbi now. We are talking of Rosenthal.

Mr. HALLEY. Rosenthal. And that was about Aurelio?

Mr. COSTELLO. That's right.

Mr. HALLEY. And he did ask you, then, to help get this nomination for Aurelio?

Mr. COSTELLO. Yes, I believe he did, yes.

Mr. HALLEY. And before we get down to that Aurelio thing, though, were there any other leaders to whom you spoke? There was Jimmy Kelly yesterday. Of course, there was Neal, and there was Sarubbi, Rosenthal, Frank Mancuso, and Paddy Sullivan; is that right?

Mr. COSTELLO. I believe that you have the whole list.

Mr. HALLEY. At that time, did you know Bert Stand?

Mr. COSTELLO. I don't know whether I did or not. It is possible that I did, but I wouldn't swear to that.

Mr. HALLEY. I ask you that with some degree of caution, because I think it is Mr. Stand's testimony that he met you after Kennedy became leader, and Kennedy introduced him to you.

Mr. COSTELLO. I wouldn't remember that.

Mr. HALLEY. That is possible?

Mr. COSTELLO. It is possible; yes.

Mr. HALLEY. So that at the time of the Kennedy leadership battle and Kennedy's election, you had this group of leaders whose votes you were able to bring to bear to help elect him; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And as a result, you had a lot of persuasive power with Kennedy; is that correct?

Mr. COSTELLO. Well, I thought probably that he was sort of, say, might be obligated to me.

Mr. HALLEY. He was obligated to you; is that right?

Mr. COSTELLO. Yes; I said that.

Mr. HALLEY. And then the next thing that came up was this Aurelio thing, and you recall that Sarubbi and Rosenthal were anxious to obtain Judge Aurelio's nomination, but they didn't have quite enough political power to get it, to put it across, and they came to you; is that right?

Mr. COSTELLO. No; I wouldn't say that at all. All I know that Sarubbi told me that he had a candidate, and he says, "And I would like, if it's possible, if you can put in a good word."

Mr. HALLEY. Well, he asked your help; is that right?

Mr. COSTELLO. Yes; that's right.

Mr. HALLEY. And then Rosenthal asked your help?

Mr. COSTELLO. I believe he did; yes.

Mr. HALLEY. And then you spoke to Kennedy about it; is that correct?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you spoke to Jimmy Kelly and to Neal and to Stand?

Mr. COSTELLO. Yes.

Mr. HALLEY. And at that time Kennedy said he would help; is that right?

Mr. COSTELLO. I believe he did, sure.

Mr. HALLEY. I am trying to ask you "Yes" or "No" questions at this point so that the voice will hold out.

Mr. COSTELLO. Yes; he said he would, yes.

Mr. HALLEY. And then there came a time, did there not, when Kennedy seemed to be weakening on the nomination?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you received a number of urgent calls from Mr. Sarubbi and Rosenthal to stiffen up Kennedy's attitude; is that right?

Mr. COSTELLO. Well, I wouldn't remember just who called me.

Mr. HALLEY. Well, do you remember that Stand asked you to talk to Kennedy again; is that right?

Mr. COSTELLO. He might have; yes, sir.

Mr. HALLEY. And do you remember going to Kennedy and saying, "Look, you made me a promise. Now my word is my bond, and is your word good to me?"

Mr. COSTELLO. I believe I said that; yes.

Mr. HALLEY. You even asked him if he was a man or a mouse, I think.

Mr. COSTELLO. Yes; I believe I did, yes.

Mr. HALLEY. And he said he would stand by his commitments; is that right?

Mr. COSTELLO. Yes; I believe he did.

Mr. HALLEY. And then, just before the judicial convention, he seemed again to be falling off; is that correct?

Mr. COSTELLO. I don't remember that, Mr. Halley.

Mr. HALLEY. Well, you remember that, I think, Fay had a candidate at the last minute, and there was some discussion as to whether the nominee should be an Italian nominee or a nominee of some other background; and just before the judicial convention you were called again by either Stand or Sarubbi, and asked to talk to Kennedy again?

Mr. COSTELLO. I wouldn't remember that.

Mr. HALLEY. Well, you wouldn't deny it, anyhow?

Mr. COSTELLO. No; I wouldn't deny it.

Mr. HALLEY. In any event, the picture was that these leaders depended on you to keep Kennedy in line for Aurelio; or, to put it in another way; the leaders depended on you?

Mr. COSTELLO. Well, it wasn't the leaders. When you say "these leaders," I would say Sarubbi gave me the first contract.

Mr. HALLEY. Well, it was a contract, in effect, to get Aurelio nominated?

Mr. COSTELLO. Well, you know, say a kind word for him.

Mr. HALLEY. Why call it a kind word?

Mr. COSTELLO. I use that as an expression, Mr. Halley. You understand what I mean.

Mr. HALLEY. I do. Because I was a little troubled by the number of people for whom you said a kind word.

Now, in any event, the picture is that it was you upon whom the leaders depended to put across this nomination; is that right?

Mr. COSTELLO. This particular nomination?

Mr. HALLEY. Yes.

Mr. COSTELLO. Well, yes. I had the assignment to talk to Mr. Kennedy.

Mr. HALLEY. Now, among these leaders at that time, Abe Rosenthal was then, I believe, chief clerk of the board of elections; is that right?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. Would you have any particular reason for wanting to keep an eye on the board of elections?

Mr. COSTELLO. Oh, absolutely—for what purpose?

Mr. HALLEY. I don't know. Do you know Al Koplitz?

Mr. COSTELLO. Yes.

Mr. HALLEY. He is chief clerk at the board of elections now, is he not?

Mr. COSTELLO. I don't believe he is now; no.

Mr. HALLEY. Well, he was until just a few months ago?

Mr. COSTELLO. He was for a time, yes.

Mr. HALLEY. And he also is a district leader, is he not?

Mr. COSTELLO. He was.

Mr. HALLEY. Until very recently?

Mr. COSTELLO. That is right.

Mr. HALLEY. And he is a very good friend of yours, too, is he not?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you have any particular reason for cultivating the chief clerk of the board of elections?

Mr. COSTELLO. No particular reason at all.

Mr. HALLEY. Koplitz, in fact, was at your home for Thanksgiving Day dinner last Thanksgiving, was he not?

Mr. COSTELLO. That's right. In fact many times he has been at my home.

Mr. HALLEY. And he was with another district leader; is that right; Kantor?

Mr. COSTELLO. Sammy Kantor; that's right.

Mr. HALLEY. Sammy Kantor?

Mr. COSTELLO. Yes.

Mr. HALLEY. Has Kantor been at your home many times?

Mr. COSTELLO. Well, yes; quite often. He has been there half a dozen times, I would say.

Mr. HALLEY. Of the present day district leaders, who are the ones whom you consider closest to you? Would you say Frank Mancuso is the closest?

Mr. COSTELLO. Yes. He is very close, yes.

Mr. HALLEY. He was a very good friend of Hugo Rogers, was he not?

Mr. COSTELLO. Yes.

Mr. HALLEY. And Rogers was a leader of Tammany Hall, was he, up to 1949?

Mr. COSTELLO. I believe—yes, '49. I believe '49 is right.

Mr. HALLEY. During the period when Rogers was leader of Tammany Hall, was it your understanding that the man behind Rogers and the man to speak to if you wanted to have any weight with Rogers was Mancuso? Because that was the general understanding, as I get it.

Mr. COSTELLO. No, I never had that understanding with anyone.

Mr. HALLEY. Not that you had with anyone, but didn't people in New York who had political knowledge understand that Rogers' political mentor and good friend, to whom one could talk was Mancuso?

Mr. COSTELLO. Well, I don't know what you would call it, but Mancuso held a sort of an executive office in the Hall that he had to be close to him.

Mr. HALLEY. You might almost say the real boss of Tammany Hall was he?

Mr. COSTELLO. I wouldn't say that. I don't know what you want to call him, but I wouldn't say that, no.

Mr. HALLEY. During the period when he held this position in Tammany Hall, he continued to be a very close friend of yours; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Was Frank Sampson a good friend of yours?

Mr. COSTELLO. I don't believe I ever met the gentleman.

Mr. HALLEY. You didn't know Frank Sampson at all?

Mr. COSTELLO. No.

Mr. HALLEY. Did you know Ed Loughlin?

Mr. COSTELLO. Yes.

Mr. HALLEY. How long did you know Ed Loughlin?

Mr. COSTELLO. Oh, I know Ed Loughlin—we were never too close, but I know him for years around. As I said before, I was in the neighborhood.

Mr. HALLEY. And is Carmine DeSapio a friend of yours?

Mr. COSTELLO. Yes.

Mr. HALLEY. How long have you known him?

Mr. COSTELLO. Oh, I have known him 3, 4, 5 years, or so.

Mr. HALLEY. Since the days of Kennedy, has any other leader of Tammany Hall been obligated to you?

Mr. COSTELLO. No.

Mr. HALLEY. In any way?

Mr. COSTELLO. No way at all.

Mr. HALLEY. Other than friendship, of course?

Mr. COSTELLO. Friendship, naturally.

Mr. HALLEY. Would you say that Frank Mascuso has ever been obligated to you in any way?

Mr. COSTELLO. No; I don't think he is obligated to me.

Mr. HALLEY. Have you on occasion been able to do things for him and he to do things for you?

Mr. COSTELLO. Well, I don't know. There was nothing of importance that I should remember of things—we are friends. I have known him practically all my life.

Mr. HALLEY. In effect, you are very close to each other?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, Rogers had a steering committee, did he not?

Mr. COSTELLO. I don't know the mechanics. I am not a politician.

Mr. HALLEY. Well, he had a sort of board of directors?

Mr. COSTELLO. Well, I wouldn't know what you would call it, Mr. Halley.

Mr. HALLEY. Well, they called it a steering committee for the New York County Democratic Committee, and the following members were on it—I wonder you would state whether you knew any of them: The first is Mancuso.

Mr. COSTELLO. Yes.

Mr. HALLEY. Of course, you knew him. The next is Harry Brickman.

Mr. COSTELLO. Yes; I knew Harry Brickman.

Mr. HALLEY. And the next is Moses.

Mr. COSTELLO. I know Moses.

Mr. HALLEY. How long did you know Brickman?

Mr. COSTELLO. Oh, I know Brickman half a dozen years, I imagine.

Mr. HALLEY. He had been to your home?

Mr. COSTELLO. Yes.

Mr. HALLEY. Had dinner with you?

Mr. COSTELLO. Yes.

Mr. HALLEY. How long did you know Sidney Moses?

Mr. COSTELLO. Just about the same time.

Mr. HALLEY. And about the same degree of familiarity?

Mr. COSTELLO. Well, yes. He has been at my home.

Mr. HALLEY. A comfortable social basis, one might say?

Mr. COSTELLO. Well, yes; I would call that.

Mr. HALLEY. And the fourth member was Carmine DeSapio, whom, of course, you knew pretty well.

Mr. COSTELLO. Yes; I know DeSapio.

Mr. HALLEY. Is that right?

Mr. COSTELLO. Yes.

Senator O'CONOR. Are there any further questions from the committee?

Senator TOBEY. Well, I can answer that if you advise me as to whether or not Mr. Costello is going to return before us tomorrow.

Senator O'CONOR. Yes.

Senator TOBEY. Then I will reserve my questions till tomorrow.

Mr. HALLEY. What do you say to that?

Mr. WOLF. What is that?

Senator O'CONOR. It is expected the witness will return.

Mr. WOLF. You want him back tomorrow?

Senator O'CONOR. Yes; very definitely.

Mr. WOLF. At what hour?

Senator O'CONOR. We had in mind, of course, the suggestion that it not be for too lengthy a discussion, so we were thinking of having him back after the examination of Mr. O'Dwyer, either in the late morning or in the early afternoon.

Mr. WOLF. Any time is satisfactory.

Senator TOBEY. I might say in passing, we note with great satisfaction the return of Mr. Costello's voice and we are glad for him as well as for ourselves.

Mr. WOLF. I think he is happy over that event, too.

What arrangements shall I make? Shall I call up at a certain hour?

Mr. HALLEY. Why don't you just be here at 2?

Mr. WOLF. Two o'clock?

Senator O'CONOR. Two o'clock. All right; the committee will take a recess now until 8 o'clock, at which time other witnesses will attend. (Thereupon, at 6:25 p. m., a recess was taken until 8 p. m.)

NIGHT SESSION

(Thereupon, at the expiration of the recess, the committee reconvened at 8 p. m.)

Senator O'CONOR (presiding). The hearing will please come to order.

The CHAIRMAN. Senator O'Conor.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. This afternoon, Senator Tobey asked a question about some man by the name of Broderick, and a Mr. John Broderick, who is quite well known in New York, as I understand, said that some of his friends thought that it might have been he that Senator Tobey was talking about; and the gentleman's name who is here is John Broderick.

I would like for the record to show that it is not—where is Mr. Broderick?

Mr. BRODERICK. Right here, sir.

The CHAIRMAN. We just want the record to show that it is not you that Senator Tobey was talking about, and we are glad to have that explanation here.

Mr. BRODERICK. Could I just say one word, Senator?

The CHAIRMAN. We are not calling you as a witness, Mr. Broderick. But we did want, since—

Mr. BRODERICK. I am the one who beat Costello's man Koplitz, and I don't fear Costello or all his gunmen. They can meet me any way that they want to meet me.

Thank you, Senator. Thanks a lot.

Senator O'CONOR. Michael Borelli.

As in the case of all our witnesses, we ask you to be sworn.

Do you swear solemnly that the testimony you shall give the committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BORELLI. I do.

Senator O'CONOR. Your full name, please.

Mr. BORELLI. Michael M. Borelli.

Senator O'CONOR. It is spelled B-o-r-e-l-l-i?

Mr. BORELLI. Correct, sir.

Senator O'CONOR. And your position?

Mr. BORELLI. Director of public safety of the city of Hoboken.

Senator O'CONOR. For how long have you occupied that position?

Mr. BORELLI. It will be 4 years in May, which will terminate the 4 years I was elected for.

Senator O'CONOR. And before that, what was your occupation?

Mr. BORELLI. I was in the beverage business.

Senator O'CONOR. Now, will you identify yourself, please, sir?

Mr. DAVIDSON. Yes, sir. My name is Samuel J. Davidson. My office is at 68 Hudson Street, Hoboken, N. J. I appear as special counsel for Mr. Borelli.

Senator O'CONOR. I see.

Mr. Nellis, will you proceed, please.

Mr. NELLIS. Thank you, Mr. Chairman.

TESTIMONY OF MICHAEL M. BORELLI, COMMISSIONER OF PUBLIC SAFETY OF HOBOKEN, N. J., ACCOMPANIED BY SAMUEL J. DAVIDSON, ATTORNEY, HOBOKEN, N. J.

Mr. NELLIS. Mr. Borelli, what is your salary as public safety commissioner of Hoboken?

Mr. BORELLI. \$4,500 per year.

Mr. NELLIS. Do you have any other sources of income?

Mr. BORELLI. I do, sir.

Mr. NELLIS. Will you briefly state those for the committee, please?

Mr. BORELLI. I have a truck which delivers 7-Up in the city of Hoboken, and I have a man employed, in other words, replaced me when I was elected.

Mr. NELLIS. Do you have any partners in that distribution business?

Mr. BORELLI. No, sir. I did have two trucks before I was elected, and upon my election I had to sacrifice one of the trucks and I just have one truck now.

Mr. NELLIS. Well, did you have any partners prior to your election?

Mr. BORELLI. No; I was only a distributor. I was not a bottler, I was a distributor. I was assigned to a certain territory.

Mr. NELLIS. Did you own the business solely?

Mr. BORELLI. No, sir; I was just a distributor.

Mr. NELLIS. Did you own the distribution business solely?

Mr. BORELLI. No, sir. In other words, to explain this to you, Mr. Nellis—

Mr. NELLIS. Yes, please.

Senator O'CONOR. Mr. Borelli, could I ask you just at the outset to keep your voice up?

Mr. BORELLI. I will try to.

Senator O'CONOR. Thank you very much. Keep it up.

Mr. BORELLI. There is a bottler in New Jersey who bottles for three counties, that is, Hudson, Bergen, and Passaic Counties, and they divide the counties up to territories. In my territory was part of the city of Hoboken, and I just, I have concentrated in the city of Hoboken for my distribution.

Mr. NELLIS. Well, I will put the question to you directly, Commissioner. Does either Mr. Florio or Mr. Pensare, either of them or both, have any interest in that business?

Mr. BORELLI. No one has any interest in that business.

Mr. NELLIS. Thank you. Now, what is your income from the distribution business, roughly?

Mr. BORELLI. Roughly, approximately \$5,000 per year.

Mr. NELLIS. That is in addition to your salary as commissioner?

Mr. BORELLI. Correct, sir.

Mr. NELLIS. Under city ordinance are you permitted to have outside interests while you are commissioner of public safety?

Mr. BORELLI. Positively.

Mr. NELLIS. All right. Do you have any interest, connection, or receive any moneys in connection with any public contracts in the city of Hoboken?

Mr. BORELLI. No, sir; not anything.

Mr. NELLIS. Do you have any part of an ash-hauling contract in Hoboken?

Mr. BORELLI. Not at all, sir.

Mr. NELLIS. Did you ever?

Mr. BORELLI. Never did.

Mr. NELLIS. Now, did there come a time when you appointed a probe counsel to gather evidence on gambling and other vice conditions on the Hoboken piers and the various other area around your city?

Mr. BORELLI. Yes; I did appoint.

Mr. NELLIS. And was that in September of 1947?

Mr. BORELLI. That's correct.

Mr. NELLIS. And I believe you appointed an attorney by the name of A. J. Shea?

Mr. BORELLI. Albert J. Shea; that's correct, sir.

Mr. NELLIS. And is he now a judge or a magistrate?

Mr. BORELLI. He is the city magistrate today, city of Hoboken.

Mr. NELLIS. Now, in September, the appointment came about; is that right? September of 1947?

Mr. BORELLI. As judge?

Mr. NELLIS. No, no; as your probe counsel?

Mr. BORELLI. That's correct; that's right.

Mr. NELLIS. And how long did he conduct a probe of conditions in gambling and vice in Hoboken?

Mr. BORELLI. It took approximately 1 year, sir.

Mr. NELLIS. One year. And did he make a report to you?

Mr. BORELLI. He did, sir.

Mr. NELLIS. And did the report consist of a report on the situation in connection with gambling and vice?

Mr. BORELLI. It covered the entire police—the investigations of the entire police department on every phase.

Mr. NELLIS. And did he also give you some statements taken from witnesses by Lieutenant Ryan?

Mr. BORELLI. No; he didn't.

Mr. NELLIS. Where did you get those statements, if you did?

Mr. BORELLI. Well, I did get those statements. In fact, I turned them over to you a few days ago. That was a separate investigation made by a lieutenant in my police department named Ryan, Lieutenant Ryan.

Mr. NELLIS. Did that precede the Shea report?

Mr. BORELLI. No, sir; that only happened a few months ago.

Mr. NELLIS. And now, do you know a man by the name of Frank Cardinale?

Mr. BORELLI. I do, sir.

Mr. NELLIS. What is his business?

Mr. BORELLI. He is in the trucking business.

Mr. NELLIS. And do you know that he has any other business?

Mr. BORELLI. I do not, sir.

Mr. NELLIS. When did you receive this report from Special Counsel Shea?

Mr. BORELLI. I received that report, I believe, in the month of September 1948.

Mr. NELLIS. And what did you do after you received it?

Mr. BORELLI. Upon receiving the report, I read it a couple of times. I consulted with my police department and asked them to make a thorough investigation through the entire city, that if any gambling prevailed, I would not tolerate it.

Mr. NELLIS. Did you discuss the report with Mr. Florio?

Mr. BORELLI. No, sir.

Mr. NELLIS. At no time?

Mr. BORELLI. At no time whatsoever.

Mr. NELLIS. Now, Mr. Chairman, I would like to read briefly from this report submitted to——

Mr. DAVIDSON. At this time, sir, I would like to note an objection to the reading of that report upon the ground that the report in itself contains——

Senator O'CONOR. You can just be seated, if you wish, counsel, and express your point.

Mr. DAVIDSON. Thank you. The report contains what Commissioner Borelli regards as libelous, slanderous matters against various persons mentioned in that report without any substantiating evidence; and it is based upon hearsay and no facts behind it other than the bare statement of the would-be prover.

Senator O'CONOR. Yes.

Mr. DAVIDSON. The report does not contain any recommendations, nor does it contain any conclusions.

Now, at this time I am about to advise my client that in order for him to avail himself of his constitutional privilege of immunity from both prosecution criminally and from civil liability by reason of his spreading and distributing this report, that he shall refuse to answer and submit the report to this committee.

However, if he is ordered by this committee to proceed, why, the commissioner will then answer it, so that he may preserve his rights under the May case.

Senator O'CONOR. Now, Mr. Counsel, do you desire to say anything?

Mr. NELLIS. Mr. Chairman, may I put a few questions to the witness at this point?

Senator O'CONOR. Yes.

Mr. NELLIS. Was Mr. Shea a counsel of your own selection, Commissioner Borelli?

Mr. BORELLI. Well, he was appointed by letter by me and concurred in by the entire board.

Mr. NELLIS. But you appointed him; did you not?

Mr. BORELLI. Well, the reason he was appointed by me and only by me is because I am the director of public safety, and automatically it will have to come from me.

Mr. NELLIS. Did you have confidence in his ability?

Mr. BORELLI. Yes, sir.

Mr. NELLIS. And his integrity?

Mr. BORELLI. Yes, sir.

Mr. NELLIS. And loyalty to you?

Mr. BORELLI. Yes, sir.

Mr. NELLIS. And did you give him every facility that he would need in order to make a complete investigation?

Mr. BORELLI. He had the complete cooperation of my police department. He could have selected any man he wanted, to assist him. I did not limit him whatsoever.

Mr. NELLIS. I submit, under those circumstances, Mr. Chairman, that the report made by the counsel chosen by this witness is eminently qualified to go into the record here.

Senator O'CONNOR. The committee is of the opinion that the statements are admissible insofar as they relate to the witness. And, of course, he is privileged to make any explanation or answer or response that he may wish to.

However, if the statements pertain to anyone else, the committee is of the opinion that they should be submitted in executive session, so that we may not do any irreparable injury to anybody else who is not here to answer, and to defend themselves.

The CHAIRMAN. Senator O'Connor, if I may make another suggestion, in order not to bring people's names in where they are not here to have a chance to answer, if Mr. Nellis could ask questions about the substance of the report, but not using the people's names, he might be able to get at the idea. I don't know what the general pattern is, but you might be able to get at the pattern that way.

Senator O'CONNOR. That is the ruling, and if counsel will be guided by it, we will just proceed accordingly.

Mr. BORELLI. Very well, sir.

Mr. NELLIS. Before I get to that, Mr. Chairman: Mr. Borelli, you testified that you read it over several times?

Mr. BORELLI. I said I read it a couple of times. I did say that.

Mr. NELLIS. Do you recall the occasion of your first interview with myself and Mr. McCormick of our staff?

Mr. BORELLI. Yes, I do, sir.

Mr. NELLIS. Do you recall telling us at that time that you had not read the particular portion which I propose to question you about, until I called it to your attention at that time?

Mr. BORELLI. Mr. Nellis, I told you that I read it; but I haven't read it in quite some time. But I had read it.

I read it more than once. But when you did speak to me, Mr. Nellis, it was that I hadn't read it just recently. Because I was in my office when I was called to come here. I was called here last Monday, and I have been here ever since.

Mr. NELLIS. Yes. Well, we are very sorry about that, Mr. Borelli. However you haven't read this report for quite some time; isn't that correct?

Mr. BORELLI. That's correct. I admitted that to you.

Mr. NELLIS. More than 2 years?

Mr. BORELLI. No, I wouldn't say more than 2 years. But over a year; put it that way.

Mr. NELLIS. All right.

May I, Mr. Chairman, ask some specific questions on the gambling portions?

Senator O'CONOR. Yes.

May I ask counsel, you are supplied with a copy of the statement?

Mr. DAVIDSON. Yes, I have a copy.

Sir, I would like to add something that I omitted in my original objection, and that is this:

That the report was withheld from the public in the city of Hoboken, and a taxpayer instituted an action in the Superior Court of New Jersey to compel the commissioner to make this report public.

The court held that the commissioner was within his legal rights to withhold that report, and that the judicial branch of the Government could not interfere with the legislative branch.

Senator O'CONOR. We feel that it is an entirely different question that is presented to this committee under the present circumstances.

So, under the limitations which have been announced and, of course, with counsel vigilant to see that the rights of his client are protected, and that no one else is done an injustice, we will just proceed that way.

Go ahead, now, Mr. Nellis.

Mr. NELLIS. Mr. Borelli, do you recall—counsel, for your information, at page 12—do you recall that Mr. Shea reported to you that at the time of his appointment organized gambling had been set up in the town and had commenced on August 18, 1947?

Mr. BORELLI. Mr. Shea, if you will look up that date, Mr. Nellis—

Mr. NELLIS. I have it right before me.

Mr. BORELLI. What date was that under?

Mr. NELLIS. August 18, 1947. The special counsel then—

Mr. BORELLI. I want to call your attention to something Mr. Nellis.

Mr. NELLIS. Yes, indeed.

Mr. BORELLI. Between those dates I was not director of public safety.

Mr. NELLIS. When were you first appointed director of public safety?

Mr. BORELLI. I said before I was elected in May, but that wasn't my department I was elected; I was transferred to the department of public safety in August 1947.

Mr. NELLIS. I am reading about August 1947, Mr. Borelli.

Mr. BORELLI. All right, it does say that from May 21—I was appointed August 19.

Mr. NELLIS. All right. On August 25, 1947, which I take was 8 days after your appointment, this report says that special counsel Shea was informed that organized gambling had been set up in the town and had commenced on August 18, 1947. He was asked what proof he had of this fact, or rather he asked the person informing him what proof he had of this fact, and there was an anonymous letter which started his investigation on August 16, 1947; isn't that correct?

Mr. BORELLI. That is correct, sir.

Mr. NELLIS. And that this letter stated that the O. K. was on for gambling on horses, numbers, tossing games, and that Mr. Cardinale was the man to see for the O. K.; isn't that the fact?

Mr. BORELLI. It is right, as long as it is there, but you are asking me if it is right to see Cardinale?

Mr. NELLIS. No; I am asking you if that wasn't reported to you.

Senator O'CONOR. In other words, we are just questioning you now as to the contents of the report.

Mr. BORELLI. Yes, good enough. It reads that way in the report.

Mr. NELLIS. And it was reported to you by your probe counsel?

Mr. BORELLI. Correct, sir.

Mr. NELLIS. Isn't that right? —

Mr. BORELLI. Right.

Mr. NELLIS. All right. Now, skipping down to the bottom of the page, special counsel Shea says that during the course of his investigation he learned that on August 14, which I take it was 5 days after your appointment, 1947, there was a meeting held at Zig's restaurant, located at 589 Central Avenue, Newark, N. J., at which time certain people were present, but in accordance with the ruling of the Chair I will not mention their names.

Senator O'CONOR. That would have been prior to your election?

Mr. BORELLI. That is correct, sir.

Mr. NELLIS. I understood you to say you were appointed on the 9th?

Mr. BORELLI. Nineteenth.

Senator O'CONOR. Nineteenth.

Mr. NELLIS. Oh, the 19th?

Senator O'CONOR. This is prior to the appointment.

Mr. NELLIS. Were you present at that meeting?

Mr. BORELLI. Yes, I was, sir.

Mr. NELLIS. You were present at the meeting, and Frank Cardinale was one of the persons there?

Mr. BORELLI. Correct, sir.

Mr. NELLIS. Right?

Mr. BORELLI. Right.

Mr. NELLIS. Now, it goes on to say that the purpose of this conference was to set up the town for organized gambling.

Mr. BORELLI. That isn't so.

Mr. NELLIS. What was the fact? What was the purpose of the conference?

Mr. BORELLI. The purpose of that conference, it was one which was called, more or less called by Frank Cardinale, was to create harmony. There was friction prevailing at that time amongst the four men—when I say four, it was four Democrats and one Republican.

Mr. NELLIS. Well, what was Mr. Cardinale's position, that he would call in—

Mr. BORELLI. Mr. Cardinale—

Mr. NELLIS. Such persons?

Mr. BORELLI. Mr. Cardinale was interested in the election, which was accomplished only about 3 months prior to that. Many people in the city of Hoboken were interested in that election.

Senator O'CONOR. Keep your voice up.

Mr. BORELLI. And I believe, and I know, his only interest was to try to unite us and create some harmony, because the friction did prevail

from the outset, from the very first day we were elected, friction prevailed, much to my sorrow.

Mr. NELLIS. Yes. Well, continuing with his report, he says:

There was no final agreement as to the amount of money to be paid by the syndicate, a dispute arising as to whether it should be \$7,500 or \$10,000.

What did he mean by "syndicate"?

Mr. DAVIDSON. Mr. Chairman, I think the question is eminently unfair. There should be some foundation laid so that the commissioner, when he answers these questions, should be able to follow them through logically: Was there such a conversation? Are the facts as contained in this report based upon fiction, or are they based upon actual facts?

Senator O'CONNOR. Mr. Counsel—

Mr. NELLIS. May I make a statement in connection with that, sir?

Senator O'CONNOR. Yes.

Mr. NELLIS. It must be remembered that the man making this report is an official appointed by this witness. He testified here that he gave him every facility at the command of the city to make investigations. He testified that he had confidence in the integrity and honesty of the person making this investigation.

I believe it is eminently justified to ask this witness whether or not the report made to the witness by the person appointed by him is, in fact, the truth. And I submit that for the purpose the committee has the right to inquire into it.

Senator O'CONNOR. If you ask that question just as you phrase it, in that language, it will be admissible.

Mr. NELLIS. Is it a fact—

Mr. BORELLI. Repeat the question, sir.

Mr. NELLIS. Is it a fact that at the conference held at Zig's Restaurant, there was no final agreement as to the amount of money to be paid by the syndicate, a dispute arising as to whether it should be \$7,500 or \$10,000?

Mr. BORELLI. There was no talk of any syndicate or any gambling at that meeting at Zig's Restaurant.

Mr. NELLIS. Is it a fact that on August 19, 1947, the regular commission meeting was held, and at that time Frank Cardinale was again present, and that the sum of \$10,000 was in his pocket?

Mr. BORELLI. Mr. Nellis—

Mr. NELLIS. For the payoff? Is that the fact?

Mr. BORELLI. As far as I am concerned, Mr. Nellis, I didn't see him that morning. I had nothing to do with any \$10,000 or \$7,500, or any other amount.

Mr. NELLIS. What did you do after you received this report to contradict these statements?

Mr. BORELLI. I immediately created a gambling squad. In other words, I selected my best man on the gambling squad, and each evening I had the captain in command cover every club, or any place where there might be some gambling, and at the end of the night, he had to make a report to me, and I have at least five or six hundred of those subsheets, as we call it in the police language.

Mr. NELLIS. When did you appoint this squad? What date?

Mr. BORELLI. Immediately on going to office—I mean on being transferred to the department of public safety.

Mr. NELLIS. That was before you received this report?

Mr. BORELLI. That's correct.

Mr. NELLIS. What did you do specifically about receiving this report, which speaks of you in rather peculiar terms?

Mr. BORELLI. I called in the gambling squad and had a talk with them.

Mr. NELLIS. Who, specifically?

Mr. BORELLI. I had one of my oldest men in the department, a very experienced man, Captain Christie.

Mr. NELLIS. Was that immediately on receipt of this report?

Mr. BORELLI. Immediately I called him in and had a talk with him and told him I would not tolerate gambling in any form.

Mr. NELLIS. When did you first call Mr. Shea and question him about the statements made in this report?

Mr. BORELLI. Mr. Nellis, I didn't question Shea. In the interim, between being appointed to probe the gambling and the police department, and by the time he gave me that report, he became city prosecutor, and when he gave me that report, Mr. Nellis, there weren't any recommendations whatsoever in there.

Mr. NELLIS. Well, did you ever call him in and say, "Look, Mr. Shea. You make some pretty damaging statements in this report. What facts do you have to back them up?" Did you ever do that?

Mr. BORELLI. Mr. Nellis, I didn't do that, for the simple reason that he was city prosecutor, and I believed that he was competent and capable; that if there was anything in that report that deserved or warranted any action, he would be the man to do so. And I know that he could capably do so.

Mr. NELLIS. I'm sorry, but I don't quite understand your answer, Mr. Borelli. Here is the situation, if I can state it for you briefly.

Mr. BORELLI. All right.

Mr. NELLIS. In which some very damaging statements are made about you and other public officials in whom you have an interest, made by a counsel appointed by you to investigate gambling in your city and on the water front. What action did you take to find out whether or not the man was telling you the truth in this report?

Mr. BORELLI. Mr. Nellis, as I said before, everything that's written in that report is hearsay, as far as I'm concerned.

Senator O'CONOR. Mr. Borelli, that's not responsive to the question. Just listen to the question and answer it. The question is, What did you do?

Mr. BORELLI. Well, I will repeat what I said before: I got my gambling squad in, and I alerted them and told them they should go out and check every place in the city.

Mr. DAVIDSON. I think that we may save some time if I confer with the witness a bit.

Senator O'CONOR. Surely.

All right, Mr. Borelli, have you any other answer to make?

Mr. BORELLI. My answer is this, Senator—and gentlemen, rather, aside from Senators: I didn't lose 1 minute or any time at all to see that gambling, or any other violations, in the city of Hoboken was covered. I wouldn't tolerate gambling, or any other thing that's illegal in the city of Hoboken.

Mr. NELLIS. What is the Michael M. Borelli Association?

Mr. BORELLI. It's just a Democratic club sponsored by me. It's under my name.

Mr. NELLIS. What is the function of the association?

Mr. BORELLI. It's civic, benevolent, and of course political.

Mr. NELLIS. Do you collect or solicit political contributions?

Mr. BORELLI. No, sir.

Mr. NELLIS. Is Edward Florio a member of this club?

Mr. BORELLI. He is, sir.

Mr. NELLIS. Is the Frank Cardinale a member of this club?

Mr. BORELLI. No, sir.

Mr. NELLIS. Was Charles Yanowski a member of the club?

Mr. BORELLI. No, sir.

Mr. NELLIS. Only Florio?

Mr. BORELLI. Florio is a member.

Mr. NELLIS. That's right. Now, what has been the extent of Mr. Florio's activities in this club?

Mr. BORELLI. No extent whatsoever, outside of being a member.

Mr. NELLIS. Has he ever held office?

Mr. BORELLI. No, sir.

Mr. NELLIS. Do you recall a testimonial dinner given to Mr. Florio in January 1949?

Mr. BORELLI. I do, sir.

Mr. NELLIS. What was the occasion of that dinner?

Mr. BORELLI. The occasion was that at that time Mr. Florio was appointed organizer on the water front, for the entire Jersey side, I believe.

Mr. NELLIS. You have been a friend of Mr. Florio's for many years, have you not?

Mr. BORELLI. I have, sir.

Mr. NELLIS. Were you aware of his record?

Mr. BORELLI. Yes, sir.

Mr. NELLIS. What do you know about his record?

Mr. BORELLI. Well, I do know that quite some time ago he was arrested, and I believe he served some time.

Mr. NELLIS. Who was present at this dinner for Mr. Florio?

Mr. BORELLI. At the—well, there was an assemblyman, a former assemblyman, Basino. There was former Mayor Cullum from North Bergen. Commissioner Grogan, Mayor DeSapio, Mr. Ryan, Joseph Ryan. I believe you know him.

Mr. NELLIS. Yes.

Mr. BORELLI. The dais was lined up with so-called, well, dignitaries.

Mr. NELLIS. Have you ever read an account of the dinner made by Mr. Malcolm Johnson in his book?

Mr. BORELLI. That was called to my attention, Mr. Nellis.

Mr. NELLIS. Did you read it?

Mr. BORELLI. I didn't care to read it, Mr. Nellis.

Mr. NELLIS. Why is that, sir?

Mr. BORELLI. It was read to me; but I am not interested in it, because I don't believe what is in that book. Because I don't believe that Malcolm Johnson knows Michael Borelli.

Mr. NELLIS. He didn't say anything about Michael Borelli.

Mr. BORELLI. Oh, yes, he did.

Mr. NELLIS. What does he say?

Mr. BORELLI. You showed this to me a few days ago.

Mr. NELLIS. But what does he say?

Mr. BORELLI. That I and the city commissioners were responsible for the appointment of Florio, which is a lie, and I hope that Malcolm Johnson listens to that.

Mr. NELLIS. It is your testimony that you had nothing to do with Mr. Florio's appointment?

Mr. BORELLI. Positively not, Mr. Nellis.

Mr. NELLIS. What have been your relations with Mr. Florio in the last few years?

Mr. BORELLI. None whatsoever. I have been in business right along.

Mr. NELLIS. Have you been to his home?

Mr. BORELLI. I have never been to his home in the last 5 years; 6 years, put it that way. Not since I am in office.

Mr. NELLIS. Prior to entering public life, you did go to his home?

Mr. BORELLI. Oh, yes. At times he was ill. He was very close to me; I will admit that.

Mr. NELLIS. Do you have any reason for stopping your close association after you went to the public office?

Mr. BORELLI. No particular reason, aside from the fact that I have been a very, very busy man, Mr. Nellis.

Mr. NELLIS. Do you recall a time when Mr. Florio apparently was assaulted on the street?

Mr. BORELLI. Yes; I do.

Mr. NELLIS. And severely beaten?

Mr. BORELLI. Yes.

Mr. NELLIS. Would you tell the committee about that instance, insofar as you know about it?

Mr. BORELLI. Well, Mr. Nellis, I know that he was beaten. In fact, I asked Mr. Florio if he cared to reveal to me, if he knew who beat him, because I immediately became interested, whether it was Mr. Florio or anyone else, I would be interested in any man being beaten in my city.

Mr. NELLIS. And what were the circumstances of that beating; do you know, sir?

Mr. BORELLI. I don't know what the circumstances were, Mr. Nellis.

Mr. NELLIS. Did you ever read a police report concerning it?

Mr. BORELLI. No, I didn't, Mr. Nellis, to be very truthful about it. In fact—well, I don't remember reading it; put it that way. If there is one, maybe I did read it, or not; I don't know.

Mr. DAVIDSON. Mr. Counsel, do you have a copy of it here? Why don't you show it to the commissioner?

Mr. NELLIS. Commissioner, did you have a meeting on March 16 at the Company K Club?

Mr. BORELLI. What date?

Mr. NELLIS. That was last Friday, with Mr. Florio, Mr. Pensare, Mr. Finizio.

Mr. BORELLI. Mr. Nellis, I didn't have any meeting with Mr. Florio.

Mr. NELLIS. Weren't you at the Company K Club?

Mr. BORELLI. I was, sir.

Mr. NELLIS. And was Mr. Florio there?

Mr. BORELLI. He was, sir; he is a member of that club.

Mr. NELLIS. Was Mr. Pensare there?

Mr. BORELLI. Yes.

Mr. NELLIS. And Mr. Finizio?

Mr. BORELLI. He was.

Mr. NELLIS. What is the business of Mr. Pensare?

Mr. BORELLI. He is a loader.

Mr. NELLIS. On the water front?

Mr. BORELLI. That is correct.

Mr. NELLIS. And Mr. Finizio?

Mr. BORELLI. Same thing.

Mr. NELLIS. What did you discuss?

Mr. BORELLI. Oh, what did we discuss?

Mr. NELLIS. Yes.

Mr. BORELLI. Well, let's be frank about it——

Mr. NELLIS. Did you discuss your appearance before this committee?

Mr. BORELLI. I don't know whether I did or not, but we will put it this way, Mr. Nellis, that the discussion was the Kefauver investigation, which is only natural.

Mr. NELLIS. Did you ask Mr. Florio what he was going to testify to?

Mr. BORELLI. I did not speak with Mr. Florio in regard to this hearing, investigation.

Mr. NELLIS. I have no further questions at this time, Mr. Chairman. Senator O'CONOR. Any other questions?

Senator Kefauver.

The CHAIRMAN. Commissioner Borelli, how do you suppose that this lawyer, Mr. Shea, whom you say is a very reputable man, made this report about dividing up Hoboken for gambling and setting up the syndicate and involving you, unless there is something to it?

Mr. BORELLI. Well, Senator Kefauver——

The CHAIRMAN. I mean, a fellow doesn't imagine that about the man who appointed him.

Mr. BORELLI. Well, Senator Kefauver, the statement there is not substantiated. Where he got the information, I can't answer it. There's no recommendation there.

The CHAIRMAN. Well, he made an investigation, didn't he?

Mr. BORELLI. Yes, he did, sir.

The CHAIRMAN. How long did he take in making that investigation, do you know?

Mr. BORELLI. Well, I believe it was a little over a year.

The CHAIRMAN. You had full confidence in him or you wouldn't have appointed him?

Mr. BORELLI. Yes.

The CHAIRMAN. And you still have full confidence in him?

Mr. BORELLI. I still have confidence in him. He is a judge now.

The CHAIRMAN. He is a judge and a very reputable man.

Mr. BORELLI. But he was not my appointment. Let's get that straight.

The CHAIRMAN. I thought you participated in his appointment.

Mr. BORELLI. Not in the judgeship.

The CHAIRMAN. No; I mean in this gambling probe.

Mr. BORELLI. Yes. It was concurred by the entire board, Senator.

The CHAIRMAN. But you recommended him?

Mr. BORELLI. Well, the reason I recommended him, Senator, is that only the director of public safety could recommend a probe for his

department. And when I recommended it I wrote to the entire board for their concurrence, which they did.

The CHAIRMAN. Well, you wanted to select, I suppose, a man in whom you had full confidence and in whom the public would have confidence, didn't you?

Mr. BORELLI. Just a minute.

The CHAIRMAN. I say, you wanted to recommend and appoint a man in whom you had confidence and in whom the public had confidence?

Mr. BORELLI. That's correct, sir.

The CHAIRMAN. And who would make a thorough investigation; is that right?

Mr. BORELLI. That's correct, sir.

The CHAIRMAN. And who would make findings in which all the public would know were fully gone into and substantiated?

Mr. BORELLI. Senator Kefauver—

The CHAIRMAN. I mean, that was your purpose?

Mr. BORELLI. My purpose was for him to go out and make an investigation and spare no one or anything. He wasn't curtailed in any manner or respect.

The CHAIRMAN. He wasn't curtailed, and then he made his report after considerable investigation. How much help did he have in making this investigation?

Mr. BORELLI. He used two or three men from my department, and the men he used were his selection.

The CHAIRMAN. But they were in your department?

Mr. BORELLI. They were policemen, automatically in my department.

The CHAIRMAN. Yes. So you were the board of the men who helped him make the report?

Mr. BORELLI. That is correct, sir.

The CHAIRMAN. And the man who made the report was your appointee and your friend; is that correct?

Mr. BORELLI. No; I wouldn't necessarily say he was my friend, Senator Kefauver.

The CHAIRMAN. Well, anyway, as of August 1947, he was your friend?

Mr. BORELLI. All right.

The CHAIRMAN. Is that right?

Mr. BORELLI. Lots of things happen from one day to another.

The CHAIRMAN. Yes; I see a lot of things have happened. So here you have your appointee, who was at that time your friend, reputable and well known and highly respected as a lawyer, who is now a judge, who takes several men under you, policemen, and makes an investigation.

Mr. BORELLI. Correct, sir.

The CHAIRMAN. And in the investigation, which is a very startling investigation, he addresses it to you, doesn't he?

Mr. BORELLI. By the way, Senator Kefauver—

The CHAIRMAN. Hon. Michael M. Borelli, Commissioner of Public Safety, Hoboken, N. J.

Mr. BORELLI. Let me insert, Senator, if I can, that a copy of that report was sent to each commissioner, that I am not the sole possessor

of that report. Each commissioner of the city of Hoboken received that report.

The CHAIRMAN. But here is the original addressed to you and signed by Mr. Allen J. Shea.

Mr. BORELLI. That is correct, but they have photostatic copies.

The CHAIRMAN. Yes.

Mr. BORELLI. That's right.

The CHAIRMAN. So then he goes on and in the course of the report he cites the factual information, at least what he thinks the facts are, that the city of Hoboken was divided up for the purpose of gambling and that you were in on the division. That is substantially what it says.

Mr. BORELLI. And I know it doesn't give any proof there, Senator.

The CHAIRMAN. Well, he cites facts and circumstances apparently here.

Mr. BORELLI. I don't—I can't see the facts and circumstances there, Senator.

Senator O'CONOR. Well, Mr. Borelli, right on that point, what single thing did you ever do to refute the assertions made in the report?

Mr. BORELLI. Well, Senator, I did say this before, that—

Senator O'CONOR. Well, say it again.

Mr. BORELLI. He was city prosecutor at the time he turned in that report to me.

Senator O'CONOR. But that is not the answer. I want to know what you did when that report was made to contradict the accusations which were leveled against you and others. What did you do? That's all.

Mr. BORELLI. Well, what I did, I immediately conferred with my officials in the police department and told them that if anything—I didn't show them the report, of course—well, it is a fact.

Senator O'CONOR. Did you keep it a secret from them?

Mr. BORELLI. Well, each commissioner had a report, I had a report, and I didn't feel as if they should know unless it was warranted, so I told them to be on the alert for gambling, that I wouldn't tolerate it there, Senator.

Senator O'CONOR. Did you call in the man who made the report and accuse him of making a false accusation? Did you?

Mr. BORELLI. I did not, Senator, I didn't.

The CHAIRMAN. Senator O'Conor.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. Who is George A. Fitzpatrick, and what is his association?

Mr. BORELLI. George A. Fitzpatrick is a city commissioner elected along with me and three other men. He was the director of public safety in May.

The CHAIRMAN. Well, what is the George A. Fitzpatrick Association?

Mr. BORELLI. I believe, Senator, the only man that can explain the George A. Fitzpatrick Association is George A. Fitzpatrick himself.

The CHAIRMAN. Well, did each of you have an association? You had an association and he had an association?

Mr. BORELLI. Senator Kefauver, I didn't mean to be sarcastic when I said that.

The CHAIRMAN. You go right ahead and be sarcastic.

Mr. BORELLI. No, I don't believe in being sarcastic.

The CHAIRMAN. But you had an association?

Mr. BORELLI. Yes, I do have.

The CHAIRMAN. And you did then, too, didn't you?

Mr. BORELLI. Yes, I did.

The CHAIRMAN. Mr. Fitzpatrick here apparently had an association. What kind of an association did he have?

Mr. BORELLI. Senator, again I say——

The CHAIRMAN. Well, you ought to know about his——

Mr. BORELLI. Let this be known, that Commissioner Fitzpatrick and I aren't very good friends.

The CHAIRMAN. Is that so?

Mr. BORELLI. I did replace Commissioner Fitzpatrick in the Department of Public Safety.

The CHAIRMAN. Do you use the seal of the State of New Jersey on your cars?

Mr. BORELLI. No, sir.

The CHAIRMAN. You would not do that?

Mr. BORELLI. Positively not.

The CHAIRMAN. I see here that Mr. Fitzpatrick is supposed to have done that.

Mr. BORELLI. If Mr. Fitzpatrick did that, Senator, Mike Borelli didn't do it and won't do it.

The CHAIRMAN. It says here that as part of the investigation of the police department—was that your department?

Mr. BORELLI. On what date, Senator?

The CHAIRMAN. Well, at the time this report was——

Mr. BORELLI. At the time that was submitted to me, I was director of public safety, correct.

The CHAIRMAN. Yes. It says here that:

Juke boxes and other kinds of coin devices were being placed around all over the city with the approval of the city hall.

Is that correct?

Mr. BORELLI. Could I again ask you, Senator, what date that was on? That particular statement?

The CHAIRMAN. Well, you said he took about a year to make his report, so this must have been about August——

Mr. BORELLI. No; I mean the statement regarding the placement of the juke boxes and the others.

The CHAIRMAN. He didn't state the time, I believe.

Mr. BORELLI. He doesn't mention the time?

The CHAIRMAN. No. But he says that there was another association known as the Cigarette Protective Association, which was also a part of the set-up, and this was operated by you people.

Mr. BORELLI. Senator Kefauver, perhaps you may be asking the wrong person those questions. Those things may have happened before I became director of public safety.

The CHAIRMAN. Well, when did you become director?

Mr. BORELLI. On August 19?

The CHAIRMAN. 1947?

Mr. BORELLI. Yes. I replaced George Fitzpatrick.

The CHAIRMAN. He only began making his report on August 25, 1947——

Mr. BORELLI. I understand that, Senator, but it doesn't mean that he didn't make an investigation prior to the day I took over.

The CHAIRMAN. He is talking about what he finds as of the time he finds it, so that must have been during your time.

Mr. BORELLI. Not necessarily. It could have been that that part of the investigation was made before I became director of public safety.

The CHAIRMAN. Now, this is devoted to a good many local robberies and murder cases, and about the division of the territory, in which it says that you were one of the parties who had part of the territory during the time that you were the police commissioner.

It looks like when he brought this in to you, and you saw that, you have raised some protests about it.

Mr. BORELLI. Well, Senator——

The CHAIRMAN. Did you read it as soon as he brought it to you?

Mr. BORELLI. Yes; I read it, Senator.

The CHAIRMAN. What did you say about it, then?

Mr. BORELLI. Senator, I read it; and after I read it we sat down, the entire board sat down, and they all have a copy of it; and it was then decided that there wasn't anything incriminating, and so we thought that just as long as no recommendations were made by the prosecutor we just let it be as it is.

The CHAIRMAN. Do you know an address called 405 Bloomfield Street?

Mr. BORELLI. Do I know it?

The CHAIRMAN. Yes.

Mr. BORELLI. I know Hoboken like a book, Senator. I believe I know where that place is.

The CHAIRMAN. Who lives there?

Mr. BORELLI. I don't know who lives there.

The CHAIRMAN. Do you know Lulu Luciano?

Mr. BORELLI. I know him; yes, I do.

The CHAIRMAN. Is he related to Lucky Luciano?

Mr. BORELLI. I don't believe so.

The CHAIRMAN. It says that the syndicate sent out information or instructions that all bets would be called in to headquarters of the gamblers which was to be located at 405 Bloomfield Street, which premises were owned by one Lulu Luciano.

Mr. BORELLI. Senator——

The CHAIRMAN. Did you know anything about that?

Mr. BORELLI. I don't know a thing about that, Senator. And again I say that that investigation doesn't necessarily mean that it started from the day I took office as Director of Public Safety.

Mr. NELLIS. Did you ever send a squad of police out to this address to find out what was going on there?

Mr. BORELLI. That place there has been covered right along with my police department.

Mr. NELLIS. Well, why would Mr. Shea be reporting it as a place which is engaged in illegal activity at that time?

Mr. BORELLI. Well, Mr. Nellis, I am trying to explain to the committee that that investigation started before I took office as Director of Public Safety, and it could have taken place before August 19.

Mr. NELLIS. Well, do you know of your own knowledge if the place is closed up?

Mr. BORELLI. I do know that it is closed.

Mr. NELLIS. As of when?

Mr. BORELLI. As of the day I took office.

The CHAIRMAN. Oh, you went over and closed it that time?

Mr. BORELLI. No; I didn't close it. I had my men investigate it. I don't go around closing the places, Senator.

The CHAIRMAN. He said you had an interest in it.

Mr. BORELLI. I do have an interest; but, Senator, I can't go around doing police work.

The CHAIRMAN. But he said you had an interest in headquarters.

Mr. BORELLI. What headquarters? I have an interest in which headquarters?

The CHAIRMAN. In the gambling headquarters.

Mr. BORELLI. That isn't so, Senator. I didn't have any interest at any time in any gambling or any headquarters.

The CHAIRMAN. Well, it is very strange that you didn't cry to high heaven when your own men, your own officers said this about you, Commissioner.

Can you give me any good reason? Did you fire any of these officers that helped him get up this report?

Mr. BORELLI. Did I fire them?

The CHAIRMAN. Yes.

Mr. BORELLI. I wish I were in a position to fire them, Senator.

The CHAIRMAN. Did you try to fire them?

Mr. BORELLI. No; I didn't. And if I get sufficient evidence to fire them, I would fire them tomorrow morning.

The CHAIRMAN. I know. But telling a lie about their boss, wouldn't that be sufficient evidence?

Mr. BORELLI. Well, I'll bear that in mind, Senator.

Senator, only the people in Hoboken would understand what I just told you.

The CHAIRMAN. Well, I am afraid that they are the only people that would understand you.

Mr. BORELLI. But they have reason to understand it as I meant it.

The CHAIRMAN. Here Mr. Shea says that—

At this time I want to express my deep and sincere appreciation to Mr. Arthur Marotta.

Do you know him?

Mr. BORELLI. I don't only know him, Senator, I believe that he is a candidate in the coming election, which comes up this May.

The CHAIRMAN. But he is still on the police force?

Mr. BORELLI. He is still on the police force.

The CHAIRMAN. And Special Officer Joseph Marotta, is he a candidate?

Mr. BORELLI. His brother.

The CHAIRMAN. Is he a candidate?

Mr. BORELLI. No; he is not a candidate.

The CHAIRMAN. And Sgt. Dominick Pulastera? How about him? Is he still on the police force?

Mr. BORELLI. Yes, sir, on the police force.

The CHAIRMAN. Well now, they helped Mr. Shea make this report about you. What did you do about them; did you reprimand them?

Mr. BORELLI. No; Senator, when Al Shea made this report, Senator, I didn't assign any particular men to Al Shea. He had the right

to select whomever he wanted in my police department to assist him. I did not limit it to any men.

The CHAIRMAN. I know. But the thing is that when they got up information and put it in black and white, about you dividing up the gambling of Hoboken, it looks like you would have called them in, put them on the carpet about it.

Mr. BORELLI. Senator, in the Shea report there, where it reads that I divided—I had part of the territory?

The CHAIRMAN. That is what it says.

Mr. DAVIDSON. That is stretching it a bit, isn't it?

Mr. NELLIS. No; I think that is an accurate statement of what is contained in the report.

Mr. DAVIDSON. I wonder if you could point out the page.

Mr. BORELLI. Will you point that out, that particular part, Mr. Nellis, where I had part of the Hoboken?

The CHAIRMAN. It says that you had conferences, the purpose of which was to set up the town for organized gambling.

At this conference, there is no final agreement as to the amount of money to be paid by the syndicate, a dispute arising as to whether it should be \$7,500 or \$10,000. It says you were present.

Mr. BORELLI. I was present, Senator. We went over that before.

The CHAIRMAN. Yes; then it says that Frank Cardinelli came up with \$10,000 in his pocket for the payoff. That was up to the regular commission meeting, at which time you were supposed to be there.

Mr. BORELLI. Are you ready for an answer on that?

The CHAIRMAN. Commissioner Fitzpatrick then asked Commissioner Borelli if he would go along on gambling, and would he agree to an O. K.

Mr. NELLIS. Mr. Chairman, one question:

Do you recall, Mr. Borelli, I asked you about these statements that were furnished by Lieutenant Ryan in his investigation?

Mr. BORELLI. That's right, sir.

Mr. NELLIS. Do you recall an affidavit or statement from James Chiricella, residing at 510 Park Avenue?

Mr. BORELLI. Yes; I do. There was a statement there.

Mr. NELLIS. Don't you know that in it he says that at a certain time in August he went to an outing, and arrived there with Commissioner Borelli's chauffeur.

By the way, what is his name, your chauffeur?

Mr. BORELLI. At that time I had a policeman driving me, sir.

Mr. NELLIS. What was his name; do you remember?

Mr. BORELLI. Yes; his name was Frank Danniello.

Mr. NELLIS. He arrived there, this Chiricella, arrived there with your chauffeur, and Eddie Florio. [Reading:]

At about 6 or 6:30, we finished eating and then we got up and went to another table where a general conversation took place; and among those present were Sgt. Dominick Palicastro, Frank Cardinelli, and myself. The discussion came into the local political situation in Hoboken, and Frank Cardinelli stated in front of Sgt. Dominick Palicastro, slapping his right hand on his right pocket, saying, "I had the right O. K. I had 10 "g's" for the payoff."

Mr. BORELLI. But that wasn't in my presence.

Mr. NELLIS. No. But you had it in your file from Lieutenant Ryan. You had dozens of statements taken. What did you ever do about this statement? And in line with Senator Kefauver's last statement with respect to the material contained in the report?

The CHAIRMAN. I might say, in fairness, that the dates here are not very definite as to when he found these things, as to whether all of them were after you took office, or whether they were before you took office.

Mr. BORELLI. There is no date there.

The CHAIRMAN. This affidavit here is August blank; it doesn't say exactly what day in August it was.

That is all, Mr. Chairman.

Mr. DAVIDSON. May I ask the witness two or three questions, so that we can straighten the record out a bit?

Senator O'CONOR. Go ahead. Counsel, what questions do you want to ask?

Mr. DAVIDSON. Commissioner Borelli, you have been asked this evening about a meeting at a restaurant in Newark, between your brother commissioners and one Frank Cardinelli.

Mr. BORELLI. That's correct.

Mr. DAVIDSON. There has been some discussion here about Frank Cardinelli having talked at that time about gambling in the city of Hoboken.

Was there any discussion with Frank Cardinelli about gambling?

Mr. BORELLI. I answered that question before.

Mr. DAVIDSON. And what did you answer?

Mr. BORELLI. Do I have to answer you now?

Mr. DAVIDSON. Yes.

Mr. BORELLI. There wasn't any such discussion.

Mr. DAVIDSON. Was there anyone present at this dinner other than Frank Cardinelli and yourself?

Mr. BORELLI. No; just the four commissioners and Frank Cardinelli.

Mr. DAVIDSON. Mayor DeSapio?

Mr. BORELLI. Yes.

Mr. DAVIDSON. And Commissioner Grogan?

Mr. BORELLI. That's right.

Mr. DAVIDSON. Do you have any knowledge of where Mr. Shea could have obtained any facts or statements to lead him to set up in his report a conversation which did not take place?

Mr. BORELLI. I don't know where he got it from, Counselor.

Mr. DAVIDSON. There has been some testimony here tonight about an O. K. from the city hall.

Do you know, or did you participate in any O. K. from city hall, relative to gambling or any other crime?

Mr. BORELLI. Positively not, Counselor.

Senator O'CONOR. Any other questions, Counselor?

Mr. DAVIDSON. Yes.

Now, did any one of the other city commissioners other than yourself of the city of Hoboken have any talk with you about gambling?

Mr. BORELLI. Yes, at one time, before I was director of public safety.

Mr. DAVIDSON. Did you make a note or memorandum of that at the time?

Mr. BORELLI. I did.

Mr. DAVIDSON. Do we have a photostatic copy of that memorandum here?

Mr. BORELLI. I believe you do, Counselor.

Mr. DAVIDSON. Now, I show it to you, Commissioner, and ask you to read it into the record.

Mr. NELLIS. Just a moment.

Senator O'CONOR. Well, Counselor, the same rule that you invoked in the protection of your client, we have to invoke in the protection of possibly somebody who is not here, and I rather imagine that it does mention somebody else by name, doesn't it?

Mr. DAVIDSON. I believe it does.

Senator O'CONOR. Well, if it does, I believe the same rule would apply. We will not permit that to be done at this time.

Mr. DAVIDSON. All right.

Senator O'CONOR. All right, that is all, sir.

Mr. DAVIDSON. Are we excused?

Senator O'CONOR. Yes.

(Thereupon Mr. Borelli and Mr. Davidson left the hearing room.)

Senator O'CONOR. Edward Florio.

Will you raise your right hand, please? You solemnly swear that the testimony you shall give shall be the truth, the whole truth, and nothing but the truth?

Mr. FLORIO. Yes.

TESTIMONY OF EDWARD J. FLORIO, HOBOKEN, N. J.

Senator O'CONOR. What is your name?

Mr. FLORIO. Edward J. Florio.

Senator O'CONOR. And your address?

Mr. FLORIO. 317 Washington Street, Hoboken.

Senator O'CONOR. And your business?

Mr. FLORIO. ILA organizer.

Senator O'CONOR. How long have you lived there?

Mr. FLORIO. All my life.

Senator O'CONOR. All your life. All right. Now, just be good enough to keep your voice up; Counsel, proceed.

Mr. NELLIS. Mr. Florio, when were you appointed an organizer for the ILA?

Mr. FLORIO. July 5, 1948.

Mr. NELLIS. Who appointed you?

Mr. FLORIO. Mr. Ryan.

Mr. NELLIS. Joseph Ryan?

Mr. FLORIO. Joseph P. Ryan.

Mr. NELLIS. President of the International Longshoremen's Union?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Is that right?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Prior to that, what was your occupation?

Mr. FLORIO. Loader.

Mr. NELLIS. All your experience on the water front has been as a loader?

Mr. FLORIO. No; I worked 3 years in Port Newark.

Mr. NELLIS. In what capacity?

Mr. FLORIO. During the war years.

Mr. NELLIS. In what capacity?

Mr. FLORIO. Supervisor.

Mr. NELLIS. Supervising what?

Mr. FLORIO. The longshoremen.

Mr. NELLIS. You were a supervising longshoreman; is that right?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Is that the extent of your experience as a longshoreman prior to your appointment as an organizer?

Mr. FLORIO. Well, I have been on the water front 35 years.

Mr. NELLIS. But as a loader?

Mr. FLORIO. As a loader, and I see what longshoremen do and I practically know what they know.

Mr. NELLIS. Have you ever been arrested?

Mr. FLORIO. Yes.

Mr. NELLIS. On what occasion?

Mr. FLORIO. Conspiracy, making alcohol.

Mr. NELLIS. You mean you are referring to this conviction in February 1937?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. What were you charged with doing and what were you convicted of doing?

Mr. FLORIO. Buying and selling.

Mr. NELLIS. What?

Mr. FLORIO. Alcohol.

Mr. NELLIS. Were you sentenced to jail?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. For what period?

Mr. FLORIO. One year.

Mr. NELLIS. Do you remember any arrests prior to that?

Mr. FLORIO. No, sir.

Mr. NELLIS. Sir?

Mr. FLORIO. I was questioned, not arrested.

Mr. NELLIS. You were arrested in 1932, weren't you?

Mr. FLORIO. No, questioned.

Mr. NELLIS. What was that occasion about?

Mr. FLORIO. I don't know. They just didn't ask me anything, brought me down there, they let me go.

Mr. NELLIS. Were you brought before Recorder Leavey? Does that refresh your recollection?

Mr. FLORIO. No.

Mr. NELLIS. How about Recorder Fitzgerald? Do you remember him questioning you?

Mr. FLORIO. Fitzgerald?

Mr. NELLIS. Yes.

Mr. FLORIO. Where was this?

Mr. NELLIS. In Hoboken, N. J., the 18th of January 1932.

Mr. FLORIO. We never had a Recorder Fitzgerald, I don't think.

Mr. NELLIS. Well, you don't recall being arrested on that occasion?

Mr. FLORIO. I was questioned, not arrested. I was questioned.

Mr. NELLIS. What about 1934? Do you recall any matter then?

Mr. FLORIO. Well, that was the case that I was convicted on.

Mr. NELLIS. No; the case you were convicted on occurred in 1937.

Mr. FLORIO. No; I was——

Mr. NELLIS. What occurred in 1934?

Mr. FLORIO. No; I was sentenced in 1937, but the case was originally long and old case, and it was a rehashing of an old story.

Mr. NELLIS. Do you recall a kidnaping charge?

Mr. FLORIO. Kidnaping? I don't remember a kidnaping charge.

Mr. NELLIS. Well, the record shows that there was a kidnaping charge on the 25th of February 1936. Do you recall being questioned by Detectives Cahill and Canelly?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. What did they question you about?

Mr. FLORIO. They questioned me about somebody that I didn't even know.

Mr. NELLIS. Were you arrested?

Mr. FLORIO. No.

Mr. NELLIS. How long did they keep you?

Mr. FLORIO. About 3 hours.

Mr. NELLIS. You were discharged; is that right?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Do you recall that incident in 1936?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. And what was that?

Mr. FLORIO. I was—the chief of police of Hoboken sent for me, and he said he wanted to see me, through Lieutenant Kelly. Oh, and I went up to the police station and wanted to know what it was all about, and he questioned me on somebody had stolen or—stolen a truckload of rum, and I said, "Chief, I don't know anything about it. Believe me," I says, "I am not a thief." I says, "I may have been selling alcohol during prohibition for a few years, but I didn't—I didn't—I am no thief. I never stole anything." And I says—I am talking to Chief McFeely—

Mr. NELLIS. Yes?

Mr. FLORIO. And I told the chief, I said, "Look, chief, I had my job, and we have on the pier, we have a hundred thousand cases Scotch, 60,000 cases Scotch, 70,000. We get 50,000, all kinds of liquor comes in on my pier."

Mr. NELLIS. How long were you held on that charge, Mr. Florio?

Mr. FLORIO. Twelve hours.

Mr. NELLIS. And you were released; is that right?

Mr. FLORIO. Yes, sir.

The next day they caught the man that stole it. They found the truck, and they got everybody that was connected with it.

Mr. NELLIS. Whom were you in the bootlegging business with?

Mr. FLORIO. Oh, I don't know. That's so long ago, I forgot.

Mr. NELLIS. You don't recall any partners that you had?

Mr. FLORIO. Well, one fellow that was my partner, he died.

Mr. NELLIS. Now, do you have any other sources of income other than your salary as organizer for the ILA?

Mr. FLORIO. No. I am a loader. I told you that. I told you that the other day.

Mr. NELLIS. Well, now, yes, tell me about that. Do you have a partnership?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. With whom?

Mr. FLORIO. It goes under the name of Floria & Brander.

Mr. NELLIS. And in addition to your activities for the ILA, you have that loading business; is that right?

Mr. FLORIO. Yes, sir; yes, sir.

Mr. NELLIS. And how many men do you employ?

Mr. FLORIO. I don't employ any. We are all partners. There is 12 partners. They all split on an even base.

Mr. NELLIS. They aren't employees?

Mr. FLORIO. Well, I don't know what you would call it, if you want to call it employees, but we all get the same money.

Mr. NELLIS. Well, do you recall when I asked you that other question the other day, you told me you employ 12 men?

Mr. FLORIO. Well, you see, there is a little difference in—I don't know how to explain it to you.

Mr. NELLIS. You mean they are independent contractors; they are part of a partnership; is that right?

Mr. FLORIO. It's a partnership, that's right.

Mr. NELLIS. Are they members of a union?

Mr. FLORIO. If you want to call it that, it's a partnership.

Mr. NELLIS. Are they members of a union?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. They are partners engaged in business who are union members; is that right?

Mr. FLORIO. Well, they all work.

Mr. NELLIS. Well, that is perfectly all right, but you understand my question, don't you?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. They are partners, equal partners in the business; are they?

Mr. FLORIO. Yes. We all split on Friday night what we all make.

Mr. NELLIS. But they are members of the ILA local; is that right?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Now, do you have any other business?

Mr. FLORIO. No, sir.

Mr. NELLIS. What is your salary as an ILA organizer?

Mr. FLORIO. \$75 a week; \$25 expense.

Mr. NELLIS. And that has been the case since July 5, 1948?

Mr. FLORIO. July 5, 1948.

Mr. NELLIS. Do you recall your average income from your loading partnership?

Mr. FLORIO. How much I make?

Mr. NELLIS. Yes.

Mr. FLORIO. Well, that was——

Mr. NELLIS. Roughly, now.

Mr. FLORIO. About five or six thousand dollars a year.

Mr. NELLIS. So that your gross yearly earnings are in the neighborhood of what?

Mr. FLORIO. About \$9,350—about eight or nine thousand dollars, ever since I got this job. But we get slow years on the pier, when we don't do much. We stand outside, and sometimes we make \$2,000 a year. Sometimes we made \$1,700. Now, during the war I had to go to work in Port Newark to make a living because there was no cargo coming in.

Mr. NELLIS. At the Hoboken pier?

Mr. FLORIO. That's the Hoboken pier. Everything was going out and nothing coming in, and I went to work in Port Newark.

Mr. NELLIS. Yes. Now, you told me the other day that you have about \$15,000 in cash in various banks; is that correct?

Mr. FLORIO. Not me.

Mr. NELLIS. You and your wife?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. And that you own a 1949 Buick; is that right?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Now, your wife owns a house; does she not?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. What was the cost of that house?

Mr. FLORIO. \$10,000.

Mr. NELLIS. And it was purchased in 1943?

Mr. FLORIO. I think so, that's right.

Mr. NELLIS. Is it your position that you accumulated this cash that we talked about the other day out of earnings as a loader?

Mr. FLORIO. Oh, sure. I am not a high liver. I only pay \$50 a month rent.

Mr. NELLIS. Do you have a safety deposit box?

Mr. FLORIO. No, sir.

Mr. NELLIS. Your wife has one?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Were you in the room when Commissioner Borelli was testifying?

Mr. FLORIO. In here?

Mr. NELLIS. Yes.

Mr. FLORIO. I was inside there. I didn't hear nothing.

Mr. NELLIS. Well, for your information, the report which was submitted to him by Special Counsel Shea, of whom you have heard, named you as being rather instrumental in some of the gambling activities around the Hoboken piers.

Mr. FLORIO. Do you want me to answer that?

Mr. NELLIS. Yes. Do you have any explanation of it?

Mr. FLORIO. Yes, sir. I never gambled in my life. I don't know anything about booking, and I don't know anything about these number fellows, and I don't know anything about anybody loaning money. That's not my business.

Mr. NELLIS. And you have never been in any gambling business?

Mr. FLORIO. No, sir.

Mr. NELLIS. Do you know Frank Cardinale?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. How well do you know him?

Mr. FLORIO. Oh, 40, 50 years.

Mr. NELLIS. What business is he in?

Mr. FLORIO. The trucking business.

Mr. NELLIS. What other businesses?

Mr. FLORIO. I don't know. All I know, he is in the trucking business. The man has 200 trucks, 250 trailer-trucks.

Mr. NELLIS. You never heard of him being in any other business; is that right?

Mr. FLORIO. Sir?

Mr. NELLIS. You never heard of him being in any other business?

Mr. FLORIO. No.

Mr. NELLIS. And in all this time on the water front you never heard or saw any gambling; is that right?

Mr. FLORIO. What's it my business? I told you——

Mr. NELLIS. Answer the question.

Senator O'CONOR. Just answer the question. In other words, you understand the question. Answer the question. You need not debate or argue about it. Just answer it.

Mr. NELLIS. The question is, In the 35 years you never heard of gambling or saw any gambling on the piers?

Mr. FLORIO. They don't gamble on the piers. They work there. But, you see, a longshoreman between 12 and 1——

Do you want me to answer the question?

Mr. NELLIS. Yes; but briefly.

Mr. FLORIO. You see, a longshoreman, between 12 and 1, with a scratch in his hands, which every workingman down there, and it's a general practice, and they're all looking at scratch sheets. I don't know a horse from a nanniegoat.

Mr. NELLIS. Now, do you recall discussing with me a series of articles written on the New Jersey water front by Mr. Malcolm Johnson? Do you recall that?

Mr. FLORIO. Yes, sir—what you showed me.

Mr. NELLIS. Was that the first time you had seen the articles?

Mr. FLORIO. Yes, sir; the first time I seen the book. You read out to me what was in the book.

Mr. NELLIS. Do you recall his saying that you were appointed as organizer for the Hoboken water front by Mr. Ryan after a good deal of maneuvering behind the scenes to get that done?

Mr. FLORIO. Maneuvering? What maneuvering? I don't know anything about maneuvering behind the scenes. All I know, I got called up from Mr. Ryan, and he asked me if I would take the job.

Mr. NELLIS. Well, how do you account for the fact that prior to your appointment as organizer you had never had any real experience as a longshoreman?

Mr. FLORIO. Who?

Mr. NELLIS. You just testified that most of your experience was as a loader and that you possibly——

Mr. FLORIO. What do you thinking loading is?

Mr. NELLIS. Would you allow me to finish? And that you possibly had 3 years' experience in a supervisory capacity of longshoreman; is that correct?

Mr. FLORIO. That's right; that's right.

Mr. NELLIS. Isn't there a difference between a stevedore and a loader?

Mr. FLORIO. Yes, sir, but it's all handled in cargo.

Mr. NELLIS. What is the difference?

Mr. FLORIO. You've got to have a good head on your shoulders.

Mr. NELLIS. What is the difference between the functions of a stevedore and the functions of a loader?

Mr. FLORIO. How to load a ship, how to stack freight in the hatch, and how to load a truck to get a certain amount of cargo on the truck. If you want 300 bags, you have to judge how high you have to go with it, and you've got to figure out that he wants to close the doors at the end, so you figure out how many tiers you got to put it in. In the hold of the ship it's a little different. You've got to find your room, to get your light cargo and your heavy cargo on the bottom, and that is the difference in stevedoring.

Mr. NELLIS. And that is the extent of your experience in connection with loading and stevedoring?

Mr. FLORIO. Well, there's no more to learn. What is there to learn? Every time something new comes out, it's something new, and a man has to go along according to what it is.

Mr. NELLIS. Were those your qualifications for being appointed organizer for the ILA?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. And no others?

Mr. FLORIO. Well, I don't know about any others. I've been an ILA man for 35 years.

Mr. NELLIS. How did you go about getting the appointment?

Mr. FLORIO. How did I go about getting the appointment.

Mr. NELLIS. It isn't necessary for you to repeat the question each time I ask it, Mr. Florio.

Mr. FLORIO. Well, I don't know. Maybe I don't hear so good.

Mr. NELLIS. Well, I will repeat it slowly. How did you go about getting this appointment?

Mr. FLORIO. I asked Mr. Ryan.

Mr. NELLIS. You asked him for the appointment?

Mr. FLORIO. I was at a hotel one night, and there was some sort of a dinner, and I met Mr. Ryan there and I asked him if there was any kind of an opening in the ILA.

Mr. NELLIS. Did you tell him about your record at that time?

Mr. FLORIO. No; I didn't tell him about my record.

Mr. NELLIS. Did he ever inquire?

Mr. FLORIO. I don't think he did.

Mr. NELLIS. Did you tell him your qualifications for the job?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Just as you have related them here?

Mr. FLORIO. Yes, sir.

Mr. NELLIS. Did you ever meet a man by the name of Charlie Yanowsky?

Mr. FLORIO. Yes.

Mr. NELLIS. What was his business?

Mr. FLORIO. Oh, he had various businesses. I don't know what the man did.

Mr. NELLIS. Well, you knew him pretty well, didn't you?

Mr. FLORIO. Well, I wouldn't say pretty well. I was never acquainted, to be associated together.

Mr. NELLIS. He was prominent in one of the locals on the Hoboken water front, wasn't he?

Mr. FLORIO. He was in the warehouse local.

Mr. NELLIS. But it was on the Hoboken water front, was it not?

Mr. FLORIO. Well, it's a marine warehouse local.

Mr. NELLIS. Yes, surely; and you were active in the local to which you belonged; is that right?

Mr. FLORIO. I was active in the local of 306.

Mr. NELLIS. I have no further questions at this time.

Senator O'CONOR. Senator Hunt?

Senator HUNT. No.

Senator O'CONOR. No questions; that's all. Thank you.

Mr. HALLEY. May I ask a few questions?

Senator O'CONOR. Mr. Halley.

Mr. HALLEY. Was Yanowski also an organizer—

Mr. FLORIO. No, sir.

Mr. HALLEY. For another union of the ILA?

Mr. FLORIO. No, sir.

Mr. HALLEY. Didn't he organize for the Warehousemen's Union?

Mr. FLORIO. No. He might have been a—and I couldn't even swear to that, Mr. Halley. If he was an officer of 1478, that is a warehouse local; and I wouldn't know whether he was an officer or not, because that's local autonomy. We don't have nothing to do with it, only when they call us.

Mr. HALLEY. Yanowski was murdered a couple of years ago, was he not?

Mr. FLORIO. That's right.

Mr. HALLEY. About 1948, or 1949?

Mr. FLORIO. No; 1948.

Mr. HALLEY. 1948.

Mr. FLORIO. And I don't know whether it was the latter part of August or the early part of September. One of them days.

Mr. HALLEY. How well did you know Yanowski?

Mr. FLORIO. Well, not so much. I knew him, but never had any dealings with him.

Mr. HALLEY. What was the point of contact that you had with Yanowski? Where would you see him; how would you meet him?

Mr. FLORIO. Well, he had an office at 68 Hudson Street.

Mr. HALLEY. And where is your office?

Mr. FLORIO. My office is at 316 River Street.

Mr. HALLEY. I don't get the connection. How would you meet Yanowski, in what way?

Mr. FLORIO. Well, I wouldn't meet him unless I met him on the street.

Mr. HALLEY. How long had you known him?

Mr. FLORIO. Well, I read about him in 1940.

Mr. HALLEY. Where did you read about him in 1940?

Mr. FLORIO. In the papers.

Mr. HALLEY. In what connection?

Mr. FLORIO. But I never met him, see.

Mr. HALLEY. In what connection did you read about him?

Mr. FLORIO. When the FBI fired shots at him in Hoboken.

Mr. HALLEY. He had something of a reputation as a racketeer, did he not?

Mr. FLORIO. That's right; yes, sir.

Mr. HALLEY. He had control of the wire service; is that right?

Mr. FLORIO. Oh, I don't know.

Mr. HALLEY. Racing wire service?

Mr. FLORIO. I wouldn't know, because I never bothered with horses. I don't know anything about horses.

Mr. HALLEY. And he also was supposed to be in various gambling businesses, was he not?

Mr. FLORIO. He was. He was supposed to be. But now, if you—

Mr. HALLEY. I am not pinning that on you.

Mr. FLORIO. I mean, I wouldn't know.

Mr. HALLEY. I am talking about Yanowski at the moment.

Mr. FLORIO. But the rumors around about that he was a bookie.

Mr. HALLEY. Do you know Albert Anastasia?

Mr. FLORIO. No.

Mr. HALLEY. Or Anthony Anastasia?

Mr. FLORIO. No, sir.

Mr. HALLEY. Do you know Michael Lascari?

Mr. FLORIO. No.

Mr. HALLEY. What are the particular problems, if any, that you have on the water front in Hoboken?

Mr. FLORIO. We have no problems today, Mr. Halley.

Mr. HALLEY. Is there any—

Mr. FLORIO. Everybody is working. And if you want me to explain to you what this, all this business about the Hoboken water front—

Mr. HALLEY. It seems to me somebody got murdered just about a week ago.

Mr. FLORIO. A week ago; what is this?

Mr. HALLEY. Wasn't there a murder just about a week ago?

Mr. FLORIO. No.

Mr. HALLEY. On the water front in New Jersey?

Mr. FLORIO. Not in Jersey.

Mr. HALLEY. There was not?

Mr. FLORIO. No; there was no murder there.

Mr. HALLEY. Was there a murder—Yanowski was murdered in 1948; is that right?

Mr. FLORIO. In 1948. I told you that before. In the latter part of August or July.

Mr. HALLEY. And then there was an outbreak of violence, I thought, resulting in a murder about a week ago; or was that a bombing?

Mr. FLORIO. That was a bomb in Jersey City. But I wasn't in town; I was in Florida at the time.

Mr. HALLEY. I was wondering if the violence that seems to break out on the water front every so often has to do with struggle for control of labor, or with gambling, or what is the problem?

Mr. FLORIO. No. I wouldn't know. I wouldn't know, because the only time I go, when I am called. If there is trouble, in Jersey City, I go over and try to straighten it out. I talk to the boss, talk to the stevedores. Then I get the delegates there and see what the problem is. And I try to straighten out the problem, and what it is.

Mr. HALLEY. What caused the bombing?

Mr. FLORIO. Oh, I wouldn't know.

Mr. HALLEY. Did you ever go over to try to find out about it?

Mr. FLORIO. No, sir.

Mr. HALLEY. Where have you been; in Florida?

Mr. FLORIO. I was away. I come in that Saturday.

Mr. HALLEY. Where were you?

Mr. FLORIO. In Florida.

Mr. HALLEY. How long were you there?

Mr. FLORIO. Three weeks.

Mr. HALLEY. Were you working there, or resting?

Mr. FLORIO. No. I told you, that's the first time I took a trip in 30 years.

Mr. HALLEY. And just while you were there, that bombing occurred; is that right?

Mr. FLORIO. Not while I was there. I was on my way in. I didn't even know anything about it until I got home.

Mr. HALLEY. Did you think that the Yanowski murder had anything to do with the water-front problem, or with some other business he was in?

Mr. FLORIO. No, Mr. Halley.

Mr. HALLEY. Did you think the bombing had something to do with the water front?

Mr. FLORIO. I wouldn't know. Probably yes and probably no. I wouldn't say, sir, because it is something that I don't know.

Mr. HALLEY. Well, would you make one effort to help us? Where is the source of the violence that we find repeatedly on the water front—Brooklyn, New York, and in New Jersey?

Mr. FLORIO. Well, I wish I could tell you, Mr. Halley. I would gladly answer you.

Mr. HALLEY. Well, I think you can tell me. I wish you would tell me.

Mr. FLORIO. I wouldn't know.

Mr. HALLEY. Well, you are an organizer.

Mr. FLORIO. Yes, sir; I am an organizer, and I can tell you about Jersey. I don't know anything about Brooklyn or New York.

Mr. HALLEY. Well, tell us about Jersey; will you?

Mr. FLORIO. Well, the trouble that we had, it don't—that's not violence. We don't call that violence?

Mr. HALLEY. You mean a bombing is not violence?

Mr. FLORIO. No; not that. I am not talking about the bombing. I am talking about—you want to know the water front.

Mr. HALLEY. Yes.

Mr. FLORIO. I am trying to explain the water front to you, my experience on the water front.

Mr. HALLEY. But I am directing your attention now to the violence. What about the water front resulting in violence? Why is it necessary to settle problems and disputes on the water front with violence?

Mr. FLORIO. Well, I wouldn't know about the violence. I only get called down there when we have a dispute on the piers.

Mr. HALLEY. Well, do you relate any of these disputes to the outflares and outbreaks of violence from time to time?

Mr. FLORIO. Do I relate them to who?

Mr. HALLEY. Well, you are trying to put your industry on a sound basis?

Mr. FLORIO. That's right.

Mr. HALLEY. So the men will have good working conditions.

Mr. FLORIO. That's right.

Mr. HALLEY. And obviously a man doesn't have a good working condition if he has got any threat of violence hanging over his head. Would that be so?

Mr. FLORIO. Well, there is always people trying to better themselves who wants—everybody is looking to blow a whistle.

Mr. HALLEY. Well, do they do more than blow a whistle?

Persons who like to better themselves by violence? ✓

Mr. FLORIO. Well, there's what we call a hired stevedore. Now, every man has got a little ambition, he is always trying to better himself and trying to get the job of blowing the whistle.

Mr. HALLEY. And did some of them use violent means?

Mr. FLORIO. I wouldn't know who done it or who does it.

Mr. HALLEY. But it happens?

Mr. FLORIO. It happens.

Mr. HALLEY. Does it happen as between different groups and factions?

Mr. FLORIO. Probably.

Mr. HALLEY. Well, what do you mean "probably"? Do you mean "Yes"?

Mr. FLORIO. Well, I wouldn't say "Yes," because I wouldn't know who started it. If I knew who started it, I would gladly tell you.

Mr. HALLEY. Well, could Joe Ryan stop it?

Mr. FLORIO. He has tried; he has tried many a times, but you get mob rule, and it's hard to rule a mob.

Mr. HALLEY. Where does the mob rule come in?

Mr. FLORIO. Well, when a bunch of men get together and they try to take over something.

Mr. HALLEY. Well, what happens?

Mr. FLORIO. Well, then we try to stop it.

Mr. HALLEY. What is the last time a bunch of men got together and tried to take over something and you tried to stop it?

Mr. FLORIO. In Hoboken.

Mr. HALLEY. When and where?

Mr. FLORIO. They had a strike in Jersey City. They striked in Jersey City over some loading situation. Then they wanted to tie up Hoboken; so they were successful in tying it up for about 4 days. Then I had to turn around and try to go out and talk to the men, and everything else, to come back and work, get back to work in Hoboken, and that was a tough job, trying to get everybody back when you had two or three hundred men opposite trying to keep the men out. That was the only violence that I know of in Hoboken. That's what I would call violence.

Mr. HALLEY. Well, were the fellows—

Mr. FLORIO. But my men went back to work.

Mr. HALLEY. Why were the other people trying to keep you men out?

Mr. FLORIO. In sympathy, in sympathy for them in Jersey City.

Mr. HALLEY. And was there a certain amount of violence displayed?

Mr. FLORIO. No; there was nobody hurt. But there was a lot of name-calling. They had a sound truck in front of the pier and everything else.

Mr. HALLEY. Is it your view that the labor organizer job calls for a fairly strong man?

Mr. FLORIO. That calls for, when you have to get the men in there and back to work.

Mr. HALLEY. And you have got to be tough?

Mr. FLORIO. I don't know about tough, but I have done it.

Senator O'CONNOR. All right, that is all.

Call Theodore Narushef.

The CHAIRMAN. Now, Mr. Narushef, do you solemnly swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God.

Mr. NARUSHEF. I do.

TESTIMONY OF THEODORE NARUSHEF, LINDEN, N. J.

Senator O'CONOR. Now, will you give your full name?

Mr. NARUSHEF. Theodore Narushef.

Senator O'CONOR. How do you spell that?

Mr. NARUSHEF. N-a-r-u-s-h-e-f.

Senator O'CONOR. And your address?

Mr. NARUSHEF. 335 Ashton Avenue, Linden, N. J.

Senator O'CONOR. And what do you do for a living?

Mr. NARUSHEF. I work in the Phelps-Dodge Co. as an oiler.

Senator O'CONOR. How long have you worked there?

Mr. NARUSHEF. Eighteen years, sir.

Senator O'CONOR. All right, now, for the short time that you are on the stand, will you speak up and talk clearly so that everybody can hear and understand you?

Mr. NARUSHEF. Right.

Senator O'CONOR. All right, Mr. Nellis.

Mr. NELLIS. Mr. Narushef, in 1946 there was a strike at the Bayway plant in Elizabeth, N. J., of the Phelps-Dodge Corp.; is that right?

Mr. NARUSHEF. Yes, sir.

Mr. NELLIS. And you were chairman of the picket committee, Local 441, UE; is that correct?

Mr. NARUSHEF. That's right, sir.

Mr. NELLIS. Will you tell the committee briefly and in your own words the circumstances concerning that strike at that time?

Mr. NARUSHEF. Well, at that time—it really started in 1945—the company abrogated the agreement. They refused to comply with a War Labor Board directive, and the people went on strike on January 4; and the strike continued for eight long months.

Everything went along pretty peacefully for about 4 months. The company was determined to smash the union at that time, and they weren't satisfied with just sitting down, and they were always sending what we call "love letters" at that time. They were sending "love letters" to the people who worked for them. As a matter of fact, if I recall, there was about 41 or 31 "love letters" sent.

Mr. NELLIS. But around April 1946 an event occurred about which you told us. Would you restrict your narrative to that?

Mr. NARUSHEF. If you let me go on in my own way, if I take up 5 minutes of your time—

Senator O'CONOR. I think it would be better to get to the point that counsel indicated.

Mr. NELLIS. That's right.

Mr. NARUSHEF. Well, in April, the latter part of April or the early part of May, Anthony Anastasia came down to the Phelps-Dodge plant, and I recall I was in a picket boat with picket signs on. That was the first boat that came down there. And he was taking out some old annealing vats, and I spoke to Mr. Anastasia at that time, and I said, "We are on strike, and we would appreciate it very much if you cooperated with us."

Mr. NELLIS. He brought some men with him too, at that time?

Mr. NARUSHEF. That's right. He brought in at that time seven or eight men.

Mr. NELLIS. And were they armed with bats or any other things?

Mr. NARUSHEF. No; on that particular occasion, they weren't.

They said they weren't coming back there any more, but the following day they did come back, and when they came back, it wasn't with 8 men, but on a motor launch, with 35 or 40 men.

So, on the upper deck, there was only about eight or nine men, and when we pulled alongside and parallel with the pier, and I spoke to Anastasia, and I says, "Well, I thought we were going to cooperate and you weren't coming back here?"

And he says, "Well, all right, boys," and just about that time there was about 25 thugs and goons that come out of the hold with baseball bats. So we only had a small picket boat then, and we immediately proceeded to a little slip where the water was shallow, and they couldn't get to us.

So, from then on, it was really a continuous chase. We would go alongside there, alongside the pier, and this Anastasia and his boats come in with gangsters and goons and strikebreakers from New York, from Brooklyn, and they would always start throwing missiles at us; and on numerous occasions they fired at the pickets.

We reported to the police of Elizabeth, N. J., and there was numerous John Doe warrants sworn out, but we never could get to point the individuals out that were firing at us, due to the fact that there was, due to a defense measure, there was a gate put all around the Phelps-Dodge plant, for during the war, and the company refused to take them gates down after the war, even though we went before the Border Works, and the Border Works said the company don't want to take them down.

Well, we didn't want to make trouble down there. We were peacefully picketing down there, and, as a matter of fact, we started right in Washington, from the top down, from the Governor of the State of New Jersey, and there was quite an issue of about that fence due to the fact of the reason, I say there was the issue about the fence, these gangsters and goons coming in to Phelps-Dodge and beating up the people on there, and numerous people were beat up there, that we couldn't point them out, and the company refused to let even police officers go inside that gate to point these various thugs out, that were doing the firing and throwing the missiles.

So finally there was a meeting arranged——

Mr. NELLIS. Before you get to that, Mr. Narushef, pardon me. Do you recall the incident of the *Margaret Ray* and the New York Harbor police boat?

Mr. NARUSHEF. Yes.

Mr. NELLIS. Will you tell us about it?

Mr. NARUSHEF. Yes. On one occasion, the *Margaret Ray* came in and was taking materials out, and Anastasia and goons that came in there, they run us off the water. What I mean by they run us off the water, there was a low slip there, and a big barge couldn't go up there, due to the fact that the water wasn't deep enough; and so we proceeded to follow the *Margaret Ray* all the way up to the Hudson, up to the mouth of the Hudson, and at that time there was a harbor patrol boat going alongside us, and *Tambo II* was with the *Margaret Ray*, and when the *Tambo II* pulled alongside of Governors Island, and at that time Anthony Anastasia was on the *Tambo II*, and the other goons got off the *Tambo II* and got on the harbor police boat and proceeded to Brooklyn.

In other words, the harbor police was using the boat as a taxi. We, in turn, kept following the *Margaret Ray*, that was going up the Hudson, and the *Tambo II*, after it dropped Tony Anastasia off on this harbor patrol boat, it turned around, and one of the boys on our little picket boat says, "Hey, that *Tambo II* looks bad. It's coming over here," and they came alongside us and threw a bunch of missiles, baseball bats, shackles, and one goon on the boat pulled out a pistol.

Well, the shipping was pretty heavy there, and I believe he was afraid to fire because of that. The only thing that saved us that day, one of the goons told the captain—I could hear him very plainly—he said, "Run that boat down," so it was lucky for us that there was two Army boats alongside, and we pulled alongside the Army boats, and when we pulled alongside the Army boats, they stopped firing the missiles at our boat.

And then, instead, I had somebody on Governor's Island call up the harbor patrol, and they come alongside, and I told them what happened, and I told them what boat was trying to run us down, and they see that the boat was pretty well battered up; they told me to jump on top of the boat, and I sat on top, and we proceeded and gave chase to the *Tambo II*.

When we go to the *Tambo II*, they were pretty close to Brooklyn, so they told us to pull into the slip there, when they pulled into the slip and got on shore, I, in turn—I believe there was a lieutenant and a captain over there, already, in radio cars.

They must have got a call, and they were waiting there, and I, in turn, went ahead, and I went ahead and preferred charges against the *Tambo II* and all the thugs and goons on the *Tambo II* at the time.

Mr. NELLIS. Before you get to that, to the next point, Mr. Narushef, at the time that the New York Harbor police boat entered the scene, Anastasia, as I understood it from your testimony previously, apparently had some kind of a prearranged plan, did he not?

Mr. NARUSHEF. It looked very much prearranged, due to the fact—

Mr. NELLIS. Why? Why did it look prearranged?

Mr. NARUSHEF. Due to the fact that no sooner did Anastasia, Anthony Anastasia and two other goons—the reason why I say "goons," they weren't working then and definitely on different occasions they were the men that we seen that drew guns and fired at our pickets, on numerous occasions. And no sooner they got off, the *Tambo II* would, without no reason whatsoever—we were heading up the Hudson and they were heading toward Brooklyn—turns around and pulls alongside and really did a job on the boys. What I mean, a job on the boys, there was two or three of them that had to go to the hospital and get fixed up. They had head wounds and some were hit alongside the ribs and they were pretty well battered up.

Mr. NELLIS. You preferred charges against the boat that tried to ram the boat you were on; isn't that right?

Mr. NARUSHEF. That is correct, sir.

Mr. NELLIS. Various countercharges were made, and then in June of 1947 you had another occurrence involving Anastasia; is that right?

Mr. NARUSHEF. That is right, sir.

Mr. NELLIS. Will you tell about that, please?

Mr. NARUSHEF. There's so many of them it's pretty hard for me to pick them out of the hat, but if the one that you are referring to is—

Mr. NELLIS. There was violence and firing on that occasion, wasn't there?

Mr. NARUSHEF. Yes; on that particular occasion there was firing and there was violence. Quite a few of our people were hurt on the picket boats, and that was the time, I believe, that Anastasia, when the harbor patrol come over, over there, he pulled alongside our boat and he pointed me out and he pointed out another chap by the name of General Lang, and he had us arrested. What I mean by had us arrested, I asked him, I said, "What are they arresting us for? Here we are getting an awful battering. We have to run away into these waters here. They are trying to drive us out of here. What are they arresting us for?"

But they just wanted to smash the picket lines and to do it as they darn pleased at that time.

Mr. NELLIS. All right. Now, in June of 1946, also, there was a meeting, wasn't there, at the New Yorker Hotel?

Mr. NARUSHEF. Of the strike committee?

Mr. NELLIS. Yes; that is right.

Mr. NARUSHEF. That is correct, sir.

Mr. NELLIS. And present at that meeting was Anthony Anastasia, James Lustig, is that right?

Mr. NARUSHEF. That's right, he was a district representative at that time.

Mr. NELLIS. George Ferder and yourself; is that correct?

Mr. NARUSHEF. That is right, sir.

Mr. NELLIS. Now, Anastasia made some remarks to this effect, did he not, that he was getting paid and that "the sugar was heavy"?

Mr. NARUSHEF. That's right.

Mr. NELLIS. And he said, "Listen, let's settle the strike."

Mr. NARUSHEF. Yes; that's correct.

Mr. NELLIS. Didn't he also say that he was authorized by Wiley Brown, the president of the company, to settle the strike?

Mr. NARUSHEF. Those were the exact words he used.

Mr. NELLIS. And said he was in touch with Wiley Brown?

Mr. NARUSHEF. That's right, every day.

Mr. NELLIS. All right. What was the upshot of that meeting? Briefly and quickly.

Mr. NARUSHEF. Briefly, the purpose of that meeting at that time, I believe there was pressure being put on Anthony Anastasia by other stevedores that says—as a matter of fact, the first words that this other chap said, that was up there, over there, said, "If you don't stop finking on a job that we're going to run you off the water front."

He says, "It's O. K. for legitimate stevedoring, but when you go ahead and start battering working people," he says, "you're not going to get away with it, even if you are Anthony Anastasia."

So then, that was the time that Anthony Anastasia said, "Well, why the heck don't we settle the strike," and we said, "We are ready and willing, we were ready and willing 5 months ago to sit down and negotiate with the company," and he says, "Well," he says, "I am negotiating for the company now," and we asked him, "Under whose authority?" and he said, "Wiley Brown himself."

We says, "In other words, you are negotiating for the company?"

He says, "That's right," and he says, "what's your terms?"

We says, "Our terms, we just want a contract and something similar to what Anaconda has."

Mr. NELLIS. Did he at that time boast about the amount of money he was getting per day for this activity?

Mr. NARUSHEF. That's right. It was either at that time, or the time on the pier when I was speaking to him.

Mr. NELLIS. What did he say?

Mr. NARUSHEF. He says, "Brother, the sugar is heavy. I'm getting \$1,000 a day."

Mr. NELLIS. He said he was getting \$1,000 a day from the company?

Mr. NARUSHEF. That's right.

Mr. NELLIS. Now, there was no settlement as a result of this meeting in the Hotel New Yorker. And, as I understand it, some time in July, on July 30, 1946, the violence flared rather severely, and there were some people shot?

Mr. NARUSHEF. That's right. On that particular morning, on July 30, I will never forget it as long as I live—there was three of our boats; there was two small boats and one little larger boat. And we were going parallel, along the Phelps Dodge dock, and we were heading south. That is toward the Standard Oil pier.

And as we come alongside there, a bunch of missiles were thrown. When I say "missiles", there was rocks, there was bottles, there was big pieces of copper. So we got out of there fast.

And as we turned around and headed back north, back to the city pier where we started from, when we got in line with what we call the continuous mill, from the Phelps-Dodge docks, there was a barrage of shots that come off the docks themselves. And at that time somebody hollered that Bertram Eckstein was hit.

So the shipping was very heavy that morning. The captain went over to see what happened to Bert. As he went alongside the pier, up forward, to see what happened to Bert, the boat was washed right alongside the dock.

When the boat was washed alongside the dock, I was watching the dock continuously, and I seen a man with a rifle. And when I seen the man with the rifle, I wanted to get a good look at him, and I actually, without even stopping to think, I got right onto the pier when we were alongside the pier, and I seen him heading for the lower rod mill.

When he was heading for the lower rod mill, I happen to know that the area of that plant over there very well, and I figured I could see him as he was coming down, up a ladder, coming up into the continuous mill.

When I got up to this ladder, I waited there for a very short while, and he didn't come up. So I went right across, through, back into the lower rod mill, and over into the other ladder, and I didn't see him over there.

Mr. NELLIS. Was this after or before Mario Russo was shot?

Mr. NARUSHEF. That was before.

Mr. NELLIS. And this was—

Mr. NARUSHEF. That's right. I am getting to it, and I don't want to take up too much of the committee's time.

Mr. NELLIS. Do you believe this man with the rifle was the man responsible for the shooting?

Mr. NARUSHEF. That's right.

Mr. NELLIS. All right. Now one last question, Mr. Narushef: Did you ever find out who the man with the rifle was?

Mr. NARUSHEF. No. I was coming to that.

I come back to the boat. When I was coming back to the boat, that's when a bunch of thugs and goons were coming and throwing rocks, and I got back to that boat fast.

And when I jumped on top of the cabin, and as I was standing on top of this cabin, and facing the dock, I seen another man with a rifle. When I seen the other man with the rifle firing, I actually heard the man firing. There was bullets kicking all over there, all alongside the water.

And just then, on my right, I seen a chap—at that time I didn't know him—he fell, I thought he lost his balance, and he fell down. And when I got down off the top of this cabin, I went down and I turned this man over, he fell into the engine. And when he fell into the engine, we were only a little ways from the pier. And the battering that the people took in this boat here, before we got this boat away from there, it was really a crime.

Mr. NELLIS. Yes.

Mr. NARUSHEF. And I turned this chap over, and there was, it looked like a scratch on his throat. And that's when I—at a later date, I found out that he was shot in the throat, and he later died from that wound.

Mr. NELLIS. Has anybody been prosecuted for that crime?

Mr. NARUSHEF. Absolutely not. As many times as I went to the prosecutor and told him—when I say I went to the prosecutor—

Mr. NELLIS. What is the name of the prosecutor to whom you went?

Mr. NARUSHEF. That is Edward Cohen of Union County. And, as a matter of fact, they took me over to Haversham, to line up some people over there that they thought that I could pick him out. Because I was over to the prosecutor's office on three different occasions.

Senator O'CONOR. On any of those occasions, did you tell them that Anthony Anastasia was a member of the gang?

Mr. NARUSHEF. Well, on that particular July 30, I could not say that I seen Anthony Anastasia.

Senator O'CONOR. Yes. But on any of the previous occasions?

Mr. NARUSHEF. That's right.

Senator O'CONOR. Did you give his name?

Mr. NARUSHEF. That's right.

Senator O'CONOR. Did they ever do anything to him?

Mr. NARUSHEF. No. I'm sorry, sir. They did. Anthony Anastasia was brought up on charges, I believe it was on assault, against Bertram Eckstein, the man that was shot in the leg. It wasn't on that charge of the shooting, but throwing missiles that hit Bertram Eckstein. And as a matter of fact, he was alibied by Captain Winkelman of the Elizabeth police force. And then on that particular day, that was one of the previous instances that I said that Anthony Anastasia pointed me out on the boat; and if they checked the records, they would have found out that it was on that particular day that I says Anthony Anastasia pointed me out and had me arrested for no reason at all. As a matter of fact, when I went—I appeared in court in Staten Island four or five different times on this

particular charge, and every time I went over there the people that were supposed to be pressing the charges against me didn't appear, and finally the case was dismissed. And Captain Winkelman alibied for Anastasia this way. He says he recognized Anthony Anastasia's voice over a telephone after not seeing Anthony Anastasia for 4 years. And the reason why I say 4 years: He said that he knew Anthony Anastasia; that he did work in the Phelps-Dodge in 1943 and 1944—which I know Anthony Anastasia was in the Phelps-Dodge in 1943 and 1944, but the only occasion I seen him over there was when there was a labor dispute, when the company refused—

Senator O'CONOR. All right.

Mr. NELLIS. This captain of the Elizabeth police gave Mr. Anastasia some kind of an alibi; is that right?

Mr. NARUSHEF. That's right.

Mr. NELLIS. All right. Now, did there come a time when the plant manager told you or told somebody who told you that Anastasia was working for the company?

Mr. NARUSHEF. It wasn't a question of him telling me. It's on the court record as late as, I believe it was on the 9th—no; it wasn't on the 9th. It was on the 8th of this month here now, the 8th of this month he definitely said that Anthony Anastasia was employed by the company and wasn't employed by the company right by Mr. Palmer himself, the plant manager, but from the traffic division of New York of the Phelps Dodge Co.

Mr. NELLIS. And it was on the same occasion that Anastasia bragged he was getting \$1,000 a day that you heard that the men with him who were engaged in this activity were getting \$250 a day?

Mr. NARUSHEF. They told us. As a matter of fact, they offered me the same amount of money. "Come with us," he says, "and we'll give you \$250 a day."

Mr. NELLIS. All you had to do was to cross the line?

Mr. NARUSHEF. That's right.

Mr. NELLIS. I have no further questions at this time, Mr. Chairman.

Senator O'CONOR. Any further questions, Senator Kefauver?

The CHAIRMAN. You said this was a matter of record that he was paid. What record is there?

Mr. NARUSHEF. I didn't say a record, Senator Kefauver. I says he was hired by the company. I did not say it was a matter of record that he got paid. I says he was hired by the Phelps-Dodge traffic division in New York City.

The CHAIRMAN. All right.

Senator O'CONOR. Senator Hunt?

Senator HUNT. No.

Senator O'CONOR. No further questions. Thank you.

Mr. NARUSHEF. Thank you kindly, sir.

Senator O'CONOR. Anthony Anastasia.

TESTIMONY OF ANTHONY ANASTASIA, HOBOKEN, N. J.

Senator O'CONOR. Raise your right hand. Do you solemnly swear that the testimony you shall give shall be the truth, the whole truth and nothing but the truth?

Mr. ANASTASIA. I do.

Senator O'CONOR. Now give your full name.

Mr. ANASTASIA. Anthony Anastasia.

Senator O'CONOR. And your address?

Mr. ANASTASIA. 167 Union Street.

Senator O'CONOR. How long have you lived there?

Mr. ANASTASIA. About 11, 12 years.

Senator O'CONOR. What do you do for a living?

Mr. ANASTASIA. Longshoreman, stevedore.

Senator O'CONOR. How long have you been engaged in that?

Mr. ANASTASIA. Since I remember, sir.

Senator O'CONOR. All right, counsel.

Mr. NELLIS. Mr. Anastasia, have you ever been arrested?

Mr. ANASTASIA. I don't know what you mean—if I ever was arrested, sir. I did was arrested.

Mr. NELLIS. You know what I mean, don't you?

Mr. ANASTASIA. On the charge of somebody else, and come out free, sir.

Mr. NELLIS. Now, would you forget being arrested for homicide?

Mr. ANASTASIA. I just told you: I did was arrested, sir.

Mr. NELLIS. When was that?

Mr. ANASTASIA. In 1925.

Mr. NELLIS. That's right. And what was the charge made against you at that time?

Mr. ANASTASIA. I no recall, sir.

Mr. NELLIS. It was a charge of homicide, wasn't it?

Mr. ANASTASIA. I don't know; it was only 3 days, sir.

Mr. NELLIS. What did they tell you you were being picked up for?

Mr. ANASTASIA. Just bring him in court. They find him in front of the house. It was 3 days, and I was out. If it was homicide, I never be out in 3 days.

Mr. NELLIS. Did they question you about a certain homicide?

Mr. ANASTASIA. They guard the evidence of two people killed one another, sir.

Mr. NELLIS. Did they question you as to what part you might have had in the homicide?

Mr. ANASTASIA. No, sir; I was home asleep, sir.

Mr. NELLIS. You were home asleep for the 3 days you were in custody?

Mr. ANASTASIA. No, no; when they come in the house, we used to be four men, five men, living together—two men fight from the same building.

Mr. NELLIS. And you were picked up and brought down to the station; is that right?

Mr. ANASTASIA. And these two men was much older than myself. I was only a kid, sir. And they kill one another outside, and they come in on the address, and they pick me up. They pick up everybody—not only me, everybody was in the house.

Mr. NELLIS. Have you ever been arrested in any other occasion?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. In connection with what?

Mr. ANASTASIA. In connection with—I did some work in Jersey, Elizabeth, N. J.

Mr. NELLIS. What was that about?

Mr. ANASTASIA. Some labor—they accused me, some Communists. They accused me; a guy hurt somebody over there.

Mr. NELLIS. What kind of accusation was it? Was it a homicide charge?

Mr. ANASTASIA. An assault, I believe.

Mr. NELLIS. An assault. And when was that?

Mr. ANASTASIA. If I recall, it was in 1946.

Mr. NELLIS. It was a felonious assault with an iron pipe, wasn't it?

Mr. ANASTASIA. That's what I believe, sir.

Mr. NELLIS. And you were tried on that?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. And what was the result of the trial?

Mr. ANASTASIA. I come out free from the grand jury.

Mr. NELLIS. You were acquitted; is that right?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Now, you have been a longshoreman all your life?

Mr. ANASTASIA. Since I remember, sir.

Mr. NELLIS. And a stevedore?

Mr. ANASTASIA. A good 16 years, 17 years.

Mr. NELLIS. And did you ever work in any other capacity on the waterfront?

Mr. ANASTASIA. A longshoreman.

Mr. NELLIS. Did you ever work as a strikebreaker?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Were you in the courtroom when Mr. Narushef testified?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Did you know what he might have testified to in connection with the Phelps Dodge strike in 1946?

Mr. ANASTASIA. I don't know what he said, sir.

Mr. NELLIS. He testified under oath that you were a leader of a gang of thugs who were brought to this area in order to break a strike that was on from January until July of 1946.

Mr. ANASTASIA. That's a lie, sir.

Mr. NELLIS. Were you ever on the premises there?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. And what was your function on the premises?

Mr. ANASTASIA. I used to be the only contractor for the United States Army Engineer Corps. I used to be only stevedore in the United States Army manufacture of the cable for the invasion of Africa.

Mr. NELLIS. Yes. But I am not asking you about that. I am asking you what you were doing on the premises of the Phelps Dodge Co.

Mr. ANASTASIA. That's what I want you to know, sir. I was engaged by the Army to do this kind of work under supervision of Colonel Schumacher. And we go to Yonkers, in the property of the Phelps Dodge Wire & Cable Co., whatever you call them; and the operation from the wire, to send it to Yonkers, it was not fast enough because they claim they don't have enough labor.

Mr. NELLIS. What year was that?

Mr. ANASTASIA. In 1943, I believe, or——

Mr. NELLIS. I am talking about 1946, and I am directing your attention to the premises of the Phelps Dodge Corp. at Elizabeth, N. J. A man swore under oath here a few minutes ago——

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. That you were the leader of a group of thugs who attempted strikebreaking activities at that time and at that place, and I want you to direct your attention to that.

Mr. ANASTASIA. I was the stevedore contractor for Phelps Dodge.

Mr. NELLIS. Were you ever on this *Margaret Ray*, on a boat called the *Margaret Ray*?

Mr. ANASTASIA. One time, sir; yes.

Mr. NELLIS. Was that in 1946?

Mr. ANASTASIA. Yes.

Mr. NELLIS. Did you ever attend a meeting at the Hotel New Yorker?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. What was your purpose there?

Mr. ANASTASIA. When we got to Elizabeth to deliver some wire from Elizabeth to Yonkers, and I do believe the wire still was on the Army supervision—

Mr. NELLIS. Well, now, you are not answering the question, Mr. Anastasia.

Mr. ANASTASIA. Well, I want to give the question, sir.

Mr. NELLIS. Don't tell me about the wire. I asked you whether you attended a meeting.

Mr. ANASTASIA. I say, yes, sir.

Mr. NELLIS. At the Hotel New Yorker in May or June of 1946?

Mr. ANASTASIA. I say, yes, sir.

Mr. NELLIS. Tell me what transpired at the meeting, and what did you say and what did the other people say, and also tell me who was there?

Mr. ANASTASIA. If you want to give me chance to explain about the meeting, sir.

Mr. NELLIS. Surely. But be responsive to the questions.

Mr. ANASTASIA. That's right, sir. We go to Elizabeth one morning, and myself and all the labor, and all at one time we see about three, four, or five hundred pickets alongside the fence and I know the place was on strike when I see all those pickets. I jump the fence and I go along the pickets, by myself. When I see myself among the pickets, we start to talk to some leader, I don't know what name they are, and we did make an appointment to try to settle this strike.

Mr. NELLIS. What was your position in trying to settle the strike? Where did you fit in?

Mr. ANASTASIA. I have no position at all.

Mr. NELLIS. What were you, sort of a good Samaritan?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Well, what was your object in talking to the pickets about making a meeting at which you would settle the strike?

Mr. ANASTASIA. They make the appointment with me and I did go on the appointment, sir.

Mr. NELLIS. Who was there at the hotel? Tell me about that.

Mr. ANASTASIA. There was three people, sir.

Mr. NELLIS. Who?

Mr. ANASTASIA. I no remember the names, sir.

Mr. NELLIS. Was Mr. Narushef there?

Mr. ANASTASIA. Possible.

Mr. NELLIS. Don't you remember?

Mr. ANASTASIA. I no remember, sir.

Mr. NELLIS. Was James Lustig there?

Mr. ANASTASIA. I do believe so. The name I will remember, sir.

Mr. NELLIS. Was George Ferder there?

Mr. ANASTASIA. I don't know who he is. Maybe he was there.

Mr. NELLIS. Was there a man named Mitch there?

Mr. ANASTASIA. There was only three men there, sir, three men and myself.

Mr. NELLIS. Only three men?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Four altogether; is that right?

Mr. ANASTASIA. That is what I believe so, sir.

Mr. NELLIS. Didn't you tell those men that the "sugar was heavy" and that you were getting paid very well by the Phelps Dodge Co.?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. And that, furthermore, you represented Wiley Brown, the president of the company?

Mr. ANASTASIA. I never did represent Wiley Brown, sir.

Mr. NELLIS. And had the authority to make a settlement of the strike for Mr. Brown?

Mr. ANASTASIA. Never, sir.

Mr. NELLIS. Did you ever cause the arrest of Mr. Narushef?

Mr. ANASTASIA. I beg your pardon?

Mr. NELLIS. Did you ever cause the arrest of Mr. Narushef?

Mr. ANASTASIA. I no understand the question, sir.

Mr. NELLIS. Did you ever send any policeman to arrest Mr. Narushef, Theodore Narushef?

Mr. ANASTASIA. No, mister. Couple of my labor——

Mr. NELLIS. What is that?

Mr. ANASTASIA. Some of my labor, one day they have a fight over there and I do believe they press charge one another.

Mr. NELLIS. Against whom?

Mr. ANASTASIA. Against a couple of people, Mister. I don't know who they are, sir.

Mr. NELLIS. You don't remember pressing any charges against Narushef; is that right?

Mr. ANASTASIA. No, mister.

Mr. NELLIS. Do you remember an occasion in June 1946, in which you and about 60 men appeared on the premises of the Phelps Dodge Co. while the strike was in progress?

Mr. ANASTASIA. To working?

Mr. NELLIS. Picket line?

Mr. ANASTASIA. Me on the picket?

Mr. NELLIS. No; you came there to disrupt the picket line.

Mr. ANASTASIA. We never did disrupt picket line, sir.

Mr. NELLIS. With a group of about 60 men?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Mr. Chairman, it is obvious that there is a great inconsistency between the testimony of Mr. Narushef and Mr. Anastasia.

Did you ever boast to anyone that you were getting \$1,000 a day from the Phelps Dodge Co.?

Mr. ANASTASIA. Sir, I got \$8.40 in the bank when I go in in business, and I still got \$8.40 in the bank today; no diamond ring, no property, no real estate, sir.

Mr. NELLIS. Do you recall a letter in which you stated, "To whom it may concern, July 24, 1945," that you did an amount of business with Phelps Dodge Copper Products Co., of Bayway, in the amount of \$65,812?

Mr. ANASTASIA. It is possible, sir.

Mr. NELLIS. What was the nature of that business?

Mr. ANASTASIA. Labor.

Mr. NELLIS. What kind of labor?

Mr. ANASTASIA. Carry copper from Elizabeth to Yonkers.

Mr. NELLIS. You never received any pay for your activities in connection with the strike to which I have referred?

Mr. ANASTASIA. Never, sir. Receive regular salary, the regular contract, sir.

Mr. NELLIS. What was the salary?

Mr. ANASTASIA. Ten percent, plus the payroll.

Mr. NELLIS. Ten percent of what?

Mr. ANASTASIA. Plus the payroll.

Mr. NELLIS. Ten percent of the payroll?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Or the gross payroll of the plant, of the total plant?

Mr. ANASTASIA. The payroll, my payroll. I employ 40 or 50 or 60 or 70, or 100 people, whatever it was. If the payroll is \$1,000 that day, it is 10 percent.

Mr. NELLIS. And what were those men employed to do?

Mr. ANASTASIA. To do labor.

Mr. NELLIS. What kind of labor?

Mr. ANASTASIA. Carry copper from Yonkers to Elizabeth.

Mr. NELLIS. Now, you were president at one time of a company known as A. A. Stevedoring Co.; is that right?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. And prior to 1945 you had what is known as a warship steve contract; is that right?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. What kind of a contract was that, and who was it from?

Mr. ANASTASIA. Who was from?

Mr. NELLIS. Yes; who granted it to you?

Mr. ANASTASIA. It was granted to me by Washington.

Mr. NELLIS. You mean the War Shipping Administration?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Is that right?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. And the purpose of that contract is to give a stevedoring company general approval to do business; is that right?

Mr. ANASTASIA. That's correct.

Mr. NELLIS. In December 1945, the approval which you had from the War Shipping Administration was canceled; is that right?

Mr. ANASTASIA. Never was canceled, sir.

Mr. NELLIS. Never was canceled?

Mr. ANASTASIA. Not according to my knowledge, sir.

Mr. NELLIS. Well, do you recall a letter addressed to you on December 28, 1945, signed by P. A. Sullivan, Director, Operating Contracts Division, War Shipping Administration, in which he says, in substance, that the Travelers Insurance Co. had notified the Adminis-

tration that your insurance policy had been canceled as of December 26, 1945—

Mr. ANASTASIA. That's possible.

Mr. NELLIS. At your request?

Mr. ANASTASIA. That's possible.

Mr. NELLIS. And that you stated at that time that your company is no longer in business?

Mr. ANASTASIA. That's possible, sir.

Mr. NELLIS. That is true; is it not?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Pardon me?

Mr. ANASTASIA. If I have no more money to stay in business, I can't stay in business.

Mr. NELLIS. I didn't ask you that. It is true that you said you were going out of business?

Mr. ANASTASIA. That's possible.

Mr. NELLIS. All right. Now, who is Benedict Macri?

Mr. ANASTASIA. Benedict Macri was a man belonging to the same corporation.

Mr. NELLIS. Pardon me?

Mr. ANASTASIA. He was, I believe, president or vice president, I believe, from the same corporation.

Mr. NELLIS. Was he a friend of yours?

Mr. ANASTASIA. I meet him sometime on the particular pier where he used to be working. I used to do work myself.

Mr. NELLIS. Well, you know him pretty well?

Mr. ANASTASIA. Certainly. We come from the same neighborhood.

Mr. NELLIS. Where is he now?

Mr. ANASTASIA. I believe he is in jail, according to what I read in the papers.

Mr. NELLIS. What is he charged with?

Mr. ANASTASIA. I don't know.

Mr. NELLIS. Is he charged with murder?

Mr. ANASTASIA. I don't know, sir; that's up to him. I hear there is trouble, but that's none of my business.

Mr. NELLIS. He is a pretty good friend of yours, though?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Well, he was a good enough friend of yours to form the International Marine Stevedoring Co. which practically took over the A. A. Stevedoring when A. A. went out of business; isn't that right?

Mr. ANASTASIA. I don't know how he put them out of business.

Mr. NELLIS. It is true that he was a good enough friend to take over; wasn't he?

Mr. ANASTASIA. Right.

Mr. NELLIS. And it was at the same address as A. A. Stevedoring Co.?

Mr. ANASTASIA. For a while; just for a while.

Mr. NELLIS. Yes. But at the start; is that right?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Now, Marci asked the War Shipping Administration to transfer the warship steve approval that you had to him?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. And they refused to do that; didn't they?

Mr. ANASTASIA. I don't know, sir.

Mr. NELLIS. Well, isn't it a fact that they wrote back to Marci and said that he could apply for himself.

Mr. ANASTASIA. I don't know, sir.

Mr. NELLIS. You don't know about that?

Mr. ANASTASIA. I don't know, sir.

Mr. NELLIS. Well, he did get a warship steve contract for International Marine, which was a successor to your organization, in effect?

Mr. ANASTASIA. I can't say he did or he don't.

Mr. NELLIS. You mentioned Sancor. What kind of an outfit is that?

Mr. ANASTASIA. They used to repair ships.

Mr. NELLIS. And he had a contract to repair ships at one time also?

Mr. ANASTASIA. I do believe so, sir.

Mr. NELLIS. Did you ever work for Sancor?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Did your brother Alfred ever work for Sancor?

Mr. ANASTASIA. I don't know about that, sir.

Mr. NELLIS. Pardon me?

Mr. ANASTASIA. I say, I don't know about that, sir.

Mr. NELLIS. Did Albert ever work for you?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. What year?

Mr. ANASTASIA. When he got out of the Army, sir.

Mr. NELLIS. What year was that?

Mr. ANASTASIA. I don't recall, sir.

Mr. NELLIS. Was it 1944?

Mr. ANASTASIA. I don't recall, sir. Why I got to lie to you? I know as soon as he come out of the Army, he come in and worked for me for a short time.

Mr. NELLIS. Was it in 1945?

Mr. ANASTASIA. I don't recall, sir.

Mr. NELLIS. Well, you yourself have stated, have you not, that the A. A. Stevedoring Co went out of business in December of '45; is that right?

Mr. ANASTASIA. I don't say that, sir.

Mr. NELLIS. Well, when did it go out of business?

Mr. ANASTASIA. It go out of business some time in that period of time, sir.

Mr. NELLIS. In December 1945, according to this letter.

Mr. ANASTASIA. In that period of time, sir.

Mr. NELLIS. Your brother Albert says he received some income from A. A. Stevedoring Co. in 1947. Do you know anything about that?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Explain that to the committee; will you, please?

Mr. ANASTASIA. In 1946, I go out in business again, for the period of 6 months.

Mr. NELLIS. How does that explain how Albert got income in 1947 from a company which stopped operating in 1945?

Mr. ANASTASIA. I don't know about that, sir.

Mr. NELLIS. Did you ever discuss it with him?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Do you ever discuss any financial or business matters with Albert?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Do you see him often?

Mr. ANASTASIA. Once in a while.

Mr. NELLIS. What do you discuss when you see him?

Mr. ANASTASIA. How is the family.

Mr. NELLIS. Pardon me?

Mr. ANASTASIA. How is the kid; how is the family.

Mr. NELLIS. Do you remember a meeting at his house in December 1950?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. You had better think hard.

Mr. ANASTASIA. I do, sir.

Mr. NELLIS. Do you remember a meeting at this house as Palisades, N. J.?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. In which it was determined that you should get the job of being the hiring boss at the breakwater piers?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Are you, in fact, the hiring boss there?

Mr. ANASTASIA. I was there before for last 3 years, sir.

Mr. NELLIS. On pier 1?

Mr. ANASTASIA. On the breakwater.

Mr. NELLIS. On pier 1?

Mr. ANASTASIA. On the breakwater.

Mr. NELLIS. Are you also the hiring boss on pier 1?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. How do you run both jobs at the same time?

Mr. ANASTASIA. Well, I did for 3 years, sir.

Mr. NELLIS. How do you do it?

Mr. ANASTASIA. I did it for 3 years.

Mr. NELLIS. Tell, me, physically, how you did it?

Mr. ANASTASIA. I got up 5 o'clock in the morning and I managed to do it, sir.

Mr. NELLIS. You mean you have a shape-up on one pier?

Mr. ANASTASIA. There is six shape foremen.

Mr. NELLIS. What do you do physically?

Mr. ANASTASIA. I go wherever is for business.

Mr. NELLIS. What do you do?

Mr. ANASTASIA. Loading or discharge a ship or hire men.

Mr. NELLIS. You are sort of a supervisor?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Did you ever come down to the breakwater pier with a group of men prior to the time you were hired by the Sancor Corp., in order to induce them to hire you?

Mr. ANASTASIA. I don't recall that.

Mr. NELLIS. Do you know Mr. Nolan?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. How long have you known him?

Mr. ANASTASIA. I know him since I started to work for him, sir.

Mr. NELLIS. What is your salary from that job?

Mr. ANASTASIA. Today?

Mr. NELLIS. Yes.

Mr. ANASTASIA. A hundred and a quarter, plus overtime.

Mr. NELLIS. A hundred and a quarter, plus overtime?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. And that is the same salary for both piers, or just for one?

Mr. ANASTASIA. One salary, sir.

Mr. NELLIS. What other salary do you have?

Mr. ANASTASIA. Nothing else, sir.

Mr. NELLIS. What does the overtime come to?

Mr. ANASTASIA. Three dollars, I believe, and 60 cents and hour, or 70 cents, or something like that.

Mr. NELLIS. Do you have any other income?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Do you have any property?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Have you ever been in your brother Albert's home?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. What kind of place is it?

Mr. ANASTASIA. Good place.

Mr. NELLIS. Is it a very big place?

Mr. ANASTASIA. Very good place, sir.

Mr. NELLIS. Did your brother make his money in your A. A. Stevedoring Co.?

Mr. ANASTASIA. A little bit.

Mr. NELLIS. How much?

Mr. ANASTASIA. Salary.

Mr. NELLIS. What was his salary?

Mr. ANASTASIA. I believe it was a hundred or a hundred and a quarter, something like that—or 90.

Mr. NELLIS. A hundred and a quarter a week?

Mr. ANASTASIA. Something like that. I don't want to lie to you, sir.

Mr. NELLIS. A hundred and a quarter a week?

Mr. ANASTASIA. Or 90—something like that.

Mr. NELLIS. Do you know who built his house? Do you know who built his house?

Mr. ANASTASIA. I don't know, sir.

Mr. NELLIS. Did you ever hear that the Sancor Co. had anything to do with building his house?

Mr. ANASTASIA. I never heard anything like that.

Mr. NELLIS. You don't know anything like that?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Did you ever hear that the house at Palisades that belongs to your brother is worth in excess of \$70,000?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. What do you think it is worth?

Mr. ANASTASIA. Sixty-five or—65 thousand.

Mr. NELLIS. And his income, so far as you know, is \$125 a week?

Mr. ANASTASIA. I am not sure, sir, whatever it was. I no want to lie to you, if it was 90 or 100 or 125 or 110.

Mr. NELLIS. Now, do you recall an incident on January 3, very recently, in connection with an article about you in the Brooklyn Eagle?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. What happened?

Mr. ANASTASIA. We work all day. At 6 p. m., we going out for dinner. At 7 o'clock, a quarter to 7, we just go back to the pier, and a group longshoremen come in with the Eagle, protesting to the superintendent of the pier that they been called by name—I don't know what kind of name, like it was a dog or something.

Mr. NELLIS. That you were referred to unkindly?

Mr. ANASTASIA. No, not me. Don't put me in this mill. A group longshoremen protested to the superintendent, Mr. Costello and Mr. Malone and Captain Knights——

Mr. NELLIS. Is that Pete Costello?

Mr. ANASTASIA. I believe that is Pete Costello. I believe, I don't know. Maybe can be Pete, can be Frank, can be Joe. I don't know. I call him Mr. Costello.

Mr. NELLIS. It could be Frank?

Mr. ANASTASIA. I don't know. I call him Mr. Costello. That's all I call him.

Mr. NELLIS. All right, proceed, please.

Mr. ANASTASIA. And protested to the superintendent of the pier, whatever they was insulted by the paper. them and myself, and they told the superintendent if this press no stop calling me name, they don't intend to work for the particular steamship company, and they all walk right out.

Mr. NELLIS. Did you have anything to do with inducing them to walk out?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. Are you certain about that?

Mr. ANASTASIA. Positively——

Mr. NELLIS. Wasn't it a fact that the article was about you, and you pulled this work stoppage because of that?

Mr. ANASTASIA. No, sir. The article was about me and them.

Mr. NELLIS. What did it say about you?

Mr. ANASTASIA. I don't know, sir.

Mr. NELLIS. But you joined with the work stoppage anyway?

Mr. ANASTASIA. I join with my men any day in the week, sir.

Mr. NELLIS. Does your wife have any income?

Mr. ANASTASIA. I do believe so.

Mr. NELLIS. Well, you are sure of it, aren't you?

Mr. ANASTASIA. I do believe so.

Mr. NELLIS. What business is she in?

Mr. ANASTASIA. They got a poultry market.

Mr. NELLIS. Who is "they"?

Mr. ANASTASIA. My wife and the brother.

Mr. NELLIS. Which brother.

Mr. ANASTASIA. My wife's brother.

Mr. NELLIS. Your wife's brother? And what other businesses have they?

Mr. ANASTASIA. They got a liquor store.

Mr. NELLIS. Where is that located?

Mr. ANASTASIA. Near the poultry market.

Mr. NELLIS. Well, where is the poultry market located?

Mr. ANASTASIA. It is 573 Eagle Street, and 571.

Mr. NELLIS. They are right next door to each other?

Mr. ANASTASIA. Right next door.

Mr. NELLIS. Any other businesses?

Mr. ANASTASIA. I don't believe so.

Mr. NELLIS. Are you sure that your wife has no other business?

Mr. ANASTASIA. Real estate?

Mr. NELLIS. Businesses? I am coming to real estate.

Mr. ANASTASIA. What do you call a business?

Mr. NELLIS. Retail business, wholesale business?

Mr. ANASTASIA. No, sir.

Mr. NELLIS. No other business?

Mr. ANASTASIA. Poultry market and liquor store and property, that is all they got.

Mr. NELLIS. What about real estate? Does she own real estate?

Mr. ANASTASIA. I never inquire how is the real estate, because the real estate was left by the mother and father.

Mr. NELLIS. How did Mrs. Anastasia acquire the funds with which to buy the poultry business and the liquor business?

Mr. ANASTASIA. This business was left by the mother and father, sir.

Mr. NELLIS. Both businesses?

Mr. ANASTASIA. No, one.

Mr. NELLIS. Which?

Mr. ANASTASIA. The poultry market.

Mr. NELLIS. Where did she acquire the funds with which to procure the liquor business?

Mr. ANASTASIA. They work, two brothers and one sister, from 5 o'clock in the morning to 1 o'clock in the night.

Mr. NELLIS. Did you ever give her any money toward that business?

Mr. ANASTASIA. Yes, sir; to my wife.

Mr. NELLIS. How much?

Mr. ANASTASIA. Whatever I can, sir.

Mr. NELLIS. Give us an idea.

Mr. ANASTASIA. An average of 75 or better.

Mr. NELLIS. An average of 75 or better per week?

Mr. ANASTASIA. Per week.

Mr. NELLIS. And she put that into the liquor business?

Mr. ANASTASIA. I don't know what she put, sir.

Mr. NELLIS. You don't know what she did with the money?

Mr. ANASTASIA. I don't know what she did with the money, sir.

Mr. NELLIS. Does she have any safe deposit boxes?

Mr. ANASTASIA. No, sir; no safe deposit boxes.

Mr. NELLIS. Bank accounts?

Mr. ANASTASIA. Yes, sir.

Mr. NELLIS. Roughly, what is in her bank account?

Mr. ANASTASIA. I can't tell you, sir.

Mr. NELLIS. Did you ever give her any money to put in her bank account?

Mr. ANASTASIA. I don't know what she do with the money when I give her the money, sir.

I do my duty to give the money home, whatever I can share.

Mr. NELLIS. I have no further questions at this time, Mr. Chairman.

Senator O'CONOR. Senator Kefauver?

The CHAIRMAN. Mr. Anastasia, I didn't understand about the Brooklyn Eagle. They had an article, apparently about you or about your men, but what did that have to do with your work?

Mr. ANASTASIA. Well, they figure, Mr. Senator, that the longshoremen was insulted enough by the previous—the day previous, and then, the following night, when they start the job with their heart and soul, they go out——

The CHAIRMAN. Well, you weren't doing any work for the Brooklyn Eagle, were you?

Mr. ANASTASIA. Me? No, sir.

The CHAIRMAN. Or your men?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. They just didn't like what the Brooklyn Eagle had to say, and they decided to go on strike?

Mr. ANASTASIA. To get help by the steamship company.

The CHAIRMAN. I wish you would explain again how you and your hundred men work. You say that you employ a hundred men, and you get 10 percent of their gross——

Mr. ANASTASIA. Not today, sir.

The CHAIRMAN. No; I mean the way you used to.

Mr. ANASTASIA. Not today, sir.

The CHAIRMAN. That was——

Mr. ANASTASIA. That was during the wartime, sir, and a little bit after.

The CHAIRMAN. That was the AA Stevedoring Co.?

Mr. ANASTASIA. Yes, sir; same contract with the Army, sir; 10 percent plus.

The CHAIRMAN. Would you employ the same people every day, or whoever might be around?

Mr. ANASTASIA. Pretty near the same people every day, sir.

The CHAIRMAN. This Phelps Dodge Copper Co. strike, you say you were removing copper from Elizabeth to where?

Mr. ANASTASIA. To Yonkers.

The CHAIRMAN. Well, how many run-ins did you have with the strikers in that case?

Mr. ANASTASIA. What do you call "run-ins"?

The CHAIRMAN. Did you have any fights or disagreements with the picket line or the ones in the picket line?

Mr. ANASTASIA. We never crossed any picket line, Mr. Senator.

The CHAIRMAN. Well, did you try to get this witness who was in here to join up with you and try to help break the strike?

Mr. ANASTASIA. We never tried to break any strike. We used to do our job to work. The copper and the wire was needed for our company, sir. I used to be a contractor for Phelps Dodge before, and I continued to do my work. We never tried to cross any line in Elizabeth, sir.

We used to go on the water side, on the other side where the Communists' line was, on the other side.

The CHAIRMAN. Apparently during one year your A. A. Stevedoring Co. made a tremendous amount of money, didn't it? There is one item here, United States Army engineers, \$59,000; Phelps Dodge Copper Co., \$51,000; War Shipping Administration, five.

Then, during the first part of 1945, through the month of June, you made \$5,000 out of United States Engineers Corps, \$145,000 out of the War Shipping Administration——

Mr. ANASTASIA. How much did you say?

The CHAIRMAN. \$145,000, according to what you signed.

Mr. ANASTASIA. Maybe dollars.

The CHAIRMAN. I say \$145,000?

Mr. ANASTASIA. Maybe \$145, sir.

The CHAIRMAN. Now, you signed the letter. Show it to him, Mr. Nellis.

Mr. NELLIS. Is that your signature?

The CHAIRMAN. And \$65,000 from Phelps Dodge.

If you got 10 percent of those amounts, you were doing pretty well.

Mr. NELLIS. Is that your signature?

Mr. ANASTASIA. Yes; that is my signature.

The CHAIRMAN. Did you get 10 percent of all of those sums?

Mr. ANASTASIA. I used to work on 10 percent, sir.

The CHAIRMAN. Then you aren't just one of these \$8-a-day men after all, are you?

Mr. ANASTASIA. Mr. Senator——

The CHAIRMAN. In one-half of that time, in 1945, through the month of June, that amounts to about \$220,000. You got 10 percent of that for 6 months' work?

Mr. ANASTASIA. I must have, sir.

The CHAIRMAN. And you had another company working at the same time, didn't you?

Mr. ANASTASIA. Another company?

The CHAIRMAN. Yes. At the same time you had the A. A. Stevedoring Co. you had another company, didn't you?

Mr. ANASTASIA. No, sir.

Senator O'CONOR. You knew a police officer named Winkelman of the Elizabeth police?

Mr. ANASTASIA. Maybe if I see, sir.

Senator O'CONOR. Don't you know him by name, the man to whom I am referring?

Mr. ANASTASIA. I can't recall, sir.

Senator O'CONOR. You said that you never had Theodore Narushef arrested. I would like to ask you if he had you arrested.

Mr. ANASTASIA. I do believe so.

Senator O'CONOR. You do. What was the outcome of the case?

Mr. ANASTASIA. The case was in front of the jury and I come out free, sir.

Senator O'CONOR. Did officer Winkelman, of the Elizabeth force, testify for you?

Mr. ANASTASIA. False testify?

Senator O'CONOR. No; of the Elizabeth police, did he testify for you?

Mr. ANASTASIA. I do believe so.

Senator O'CONOR. Why did you doubt that you knew him a minute ago, if you know he testified for you?

Mr. ANASTASIA. Well, if you remind me the case.

Senator O'CONOR. You didn't know what I was going to ask you about.

Mr. ANASTASIA. I don't know, sir.

Senator O'CONOR. But you do know now whom I mean?

Mr. ANASTASIA. Was one policeman testify for me, sir.

Senator O'CONOR. And you don't know that his name was Winkelman. He alibied you, didn't he?

Mr. ANASTASIA. I beg your pardon?

Senator O'CONOR. What did he testify to? How did you come to have him testify for you?

Mr. ANASTASIA. Through my lawyer, sir.

Senator O'CONOR. Through your lawyer. You gave your lawyer his name?

Mr. ANASTASIA. No, sir.

Senator O'CONOR. How did your lawyer know to get him to testify for you if you didn't give him the information?

Mr. ANASTASIA. My lawyer goes to Elizabeth.

Senator O'CONOR. They knew where to go to get somebody for you?

Mr. ANASTASIA. No, sir.

Senator O'CONOR. All right. Senator Hunt?

Senator HUNT. No questions.

The CHAIRMAN. Mr. Anastasia, how many of your brothers are there? Albert and you—

Mr. ANASTASIA. Nine, sir.

The CHAIRMAN. All in this country?

Mr. ANASTASIA. Five.

The CHAIRMAN. Albert has the manufacturing plant out in Pennsylvania; he used to work for you. Where are the other brothers who are here?

Mr. ANASTASIA. One is in New York City; he is a priest.

The CHAIRMAN. Then there is a brother Jerry?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. He is a longshoreman also?

Mr. ANASTASIA. Longshoreman, delegate for last 8, 9 months, I don't know how long, sir.

The CHAIRMAN. And then where is the fifth one?

Mr. ANASTASIA. One, he work on the East River.

The CHAIRMAN. Is he a longshoreman also?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. So the five of you have been longshoremen on and off; is that correct?

Mr. ANASTASIA. No on and off; that is our business, sir.

The CHAIRMAN. Where are your other four brothers?

Mr. ANASTASIA. In Italy.

The CHAIRMAN. How old were you when you came over here?

Mr. ANASTASIA. When I come in over here?

The CHAIRMAN. Yes.

Mr. ANASTASIA. The first time I come in over here I believe I was about 16 years old.

The CHAIRMAN. How did you come in? Did you come in with your parents?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Did you have a visa?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. How did you get in?

Mr. ANASTASIA. Seaman.

The CHAIRMAN. You mean you jumped ship?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. Did your other four brothers who are in this country come in with you at the same time?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Did they all get in the same way?

Mr. ANASTASIA. I do believe so.

The CHAIRMAN. All of you jumped ship?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. Where did you jump ship? In New York here?

Mr. ANASTASIA. In New York one time.

The CHAIRMAN. Was it an Italian ship you came over on?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. When was that, about 1915?

Mr. ANASTASIA. No; it was much later than that, sir. It was in 1923 or 1924, something like it, 1925.

The CHAIRMAN. 1923 or 1924?

Mr. ANASTASIA. Maybe 1925, sir.

The CHAIRMAN. When you jumped ship where did you go to?

Mr. ANASTASIA. Go to work, longshoreman.

The CHAIRMAN. You immediately got a job and went to work?

Mr. ANASTASIA. Well, shape in the morning and got a job.

The CHAIRMAN. Have you got naturalized yet?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. When did you get naturalized?

Mr. ANASTASIA. 1940.

The CHAIRMAN. Was there any question about the conviction you had before that time?

Mr. ANASTASIA. Conviction?

The CHAIRMAN. Didn't you serve time? Was it an arrest, or did you have to serve time?

Mr. ANASTASIA. No; no time was served, sir.

The CHAIRMAN. You had had a homicide and a felonious assault charge. Were you acquitted of both of those?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. You never were convicted of anything?

Mr. ANASTASIA. No.

The CHAIRMAN. Your brother Jerry is in the bookmaking business, or was, wasn't he?

Mr. ANASTASIA. I don't believe so.

The CHAIRMAN. Wasn't he convicted of being a bookmaker on several occasions?

Mr. ANASTASIA. I don't know, sir.

The CHAIRMAN. Three times, I believe it is?

Mr. ANASTASIA. I don't know, sir.

The CHAIRMAN. Has he been naturalized, too?

Mr. ANASTASIA. I do believe so, sir.

The CHAIRMAN. How about Anthony?

Mr. ANASTASIA. Anthony is right here, sir.

The CHAIRMAN. I mean Albert.

Mr. ANASTASIA. I don't know, sir.

The CHAIRMAN. Were you involved with or charged along with Albert in connection with these Brooklyn murders or difficulties?

Mr. ANASTASIA. I don't know what you call involved, sir. I used to be stevedore for Turner-Blancher on pier 8 and 9, New York, when Mr. O'Dwyer locked me up for material witness. He keep me 72 days.

The CHAIRMAN. You were locked up as a material witness?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. I suppose you didn't know anything about it?

Mr. ANASTASIA. Positively, sir; I don't know nothing about it.

The CHAIRMAN. Where did you obtain a visa to get naturalized? You have to have some kind of immigration visa, don't you—a legal entry?

Mr. ANASTASIA. I was in Canada, sir, when I met my wife in 1934, 1935.

The CHAIRMAN. So you were married here, and then you and your wife went to Canada; is that correct?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. You went to the American Embassy in Canada?

Mr. ANASTASIA. I do believe so, sir.

The CHAIRMAN. Where? In Toronto or Winnipeg?

Mr. ANASTASIA. I do believe in Toronto.

The CHAIRMAN. In Toronto?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. And then you got a naturalization visa to come back to the country?

Mr. ANASTASIA. Yes, sir.

Senator O'CONOR. I just want to ask him about that very subject. In other words, you jumped this ship the first time?

Mr. ANASTASIA. Yes, sir.

Senator O'CONOR. And then you left the country and went to Canada?

Mr. ANASTASIA. No; I left the country to go to Italy.

Senator O'CONOR. To go to Italy, and then came back to Canada?

Mr. ANASTASIA. Yes, sir.

Senator O'CONOR. Did you in the application answer all the questions truthfully?

Mr. ANASTASIA. I do believe so, sir.

Senator O'CONOR. Wasn't there a place in the application as to when you first entered the country?

Mr. ANASTASIA. Whatever questions they were asking me on the application, I put it in, sir.

Senator O'CONOR. Did you state in your application that the way you first came into this country was by jumping ship?

Mr. ANASTASIA. I do believe so, sir.

Senator O'CONOR. You do believe so?

Mr. ANASTASIA. Yes, sir.

Senator O'CONOR. And if you didn't put it in, then you made a false application?

Mr. ANASTASIA. No; I believe I put it in.

Senator O'CONOR. But suppose you didn't put it in. Wouldn't that be a false application?

Mr. ANASTASIA. Yes, sir.

Senator O'CONOR. If that is true, sir, you would be a fit subject for deportation. And maybe those who made a practice of pulling cards didn't know that you had concealed that fact in your first application and will not succeed in holding you over here too long. That is all. Thank you, sir.

The committee will now adjourn until 9:30 tomorrow morning.

(Whereupon, at 10:35 p. m., a recess was taken until 9:30 a. m., Tuesday, March 20, 1951.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

TUESDAY, MARCH 20, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

The committee met pursuant to recess, at 9:30 a. m., in room 318, United States Courthouse, Foley Square, New York City, N. Y., Senator Estes Kefauver (chairman).

Present: Senators Kefauver, O'Connor (presiding), Hunt, and Tobey.

Also present: Rudolph Halley, chief counsel; James Walsh, Alfred Klein, Joseph Nellis, David Shivitz, Reuben Lazarus, Louis Yavner, and Arnold L. Fein, counsel; and John McCormick, investigator.

Senator O'CONNOR (presiding). The hearing will come to order.

In advance of further testimony, the committee desires to repeat its statement that any person whose name is mentioned, and who desires to be heard in answer to any accusation made, will be accorded that privilege upon request.

In that connection, Mr. George Fitzpatrick, whose name was mentioned in the testimony last evening, has communicated with the committee and requested an opportunity to be heard which, of course, will be given him promptly.

This is to advise that that same privilege will be accorded to any other person.

Mr. Halley.

FURTHER TESTIMONY OF WILLIAM O'DWYER, UNITED STATES AMBASSADOR TO REPUBLIC OF MEXICO

Mr. HALLEY. Mr. O'Dwyer, in your opinion can bookmaking exist on any large scale without police protection?

Mr. O'DWYER. No. On a large scale.

Mr. HALLEY. Do you believe there has been bookmaking on a large scale at the time that you resigned from the mayoralty in New York City?

Mr. O'DWYER. Now, after hearing the reports from the Brooklyn investigation, it seems to me that over there, at least, it was on a large scale.

Mr. HALLEY. And after reading about the indictment of Erickson, and his operations, would you believe that he was operating on a large scale?

Mr. O'DWYER. Why, I think that was the largest scale you could operate on. That's my own opinion. Now I am not qualified to go into the details of it.

Mr. HALLEY. Would you have any doubt that a substantial portion of Erickson's operation took place in New York City?

Mr. O'DWYER. I haven't the slightest idea where his operations took place, or how he operated.

If we are talking about bookmaking on a national scale, I wouldn't know where to say his business came from except that, of course, even the records of arrests and convictions in New York City would indicate that there is a huge amount of bookmaking.

We are talking about bookmaking alone, aren't we?

Mr. HALLEY. We are talking about bookmaking.

Mr. O'DWYER. Well, the arrests and convictions in New York City over the years would indicate there has been and there is a lot of bookmaking. It is a very troublesome thing to handle.

And I will go further and say that across the river in New Jersey, as Judge Murtagh testified to yesterday, there is an absolutely big business going on there that must have received a lot of it from New York City in the natural course of events.

Mr. HALLEY. And a great deal of big business appears to have been going on in Brooklyn, too; would you not say that?

Mr. O'DWYER. Well, certainly not, not big scale of what was going on in New Jersey. But too big for Brooklyn.

Mr. HALLEY. You wouldn't even be sure, sitting where you are, and with the information available to you, that the Brooklyn operation isn't even larger than any known Jersey operation?

Mr. O'DWYER. I haven't the slightest idea. I depended entirely upon my police commissioner and my chief inspectors; and on the investigations that I had instituted in 1946 by the commission of investigations to try and control it.

But outside of the information that I got, I have no other.

Mr. HALLEY. Now you remember that at the point where you left off your testimony yesterday, and Commissioner Murtagh, former Commissioner Murtagh, took over, we were discussing these various investigations that began in 1946; is that right?

Mr. O'DWYER. That is what brought Murtagh on the stand. He knew more about details of how he handled that than I did.

Mr. HALLEY. Of course, when you took office as mayor of New York City you had behind you a really unusual background in terms of ability to understand the operations of a police force, having been a policeman yourself once; is that right?

Mr. O'DWYER. Well, now, I was a policeman once; that is true; and I knew a lot of policemen. I knew a lot of policemen; that is true; and I had seen a lot of investigations in my time, one after another, pointing out police corruption and gambling, and I knew that it was something that had to be watched very carefully, and that is precisely why I took the unusual precaution of having John Murtagh, the commissioner of investigations, go into it and continue his investigations, one running investigation to work with the police department and the prosecutors, not only in New York City but wherever they led outside of New York City.

Mr. HALLEY. And of course you had also had extensive experience with investigations of big-time racketeers as a result of your Murder, Inc., work?

Mr. O'DWYER. I had 21½ years' experience of that; yes.

Mr. HALLEY. Will you agree that a record of arrests of bookmaking alone really is completely insignificant?

Mr. O'DWYER. I would say that, if you didn't have them, there would be grave cause to suspect that the police were not working; but if you have them, there is an indication that they were working. Now, however, the man in city hall, who has a good, honest police commissioner, and has a good, honest chief inspector, and he knows them and he depends upon them, has a good intelligent, honest commissioner of investigations who is apparently on top of it, who has five district attorneys, one in each county, watching it, honest men every one of them—however, the man in city hall who is dealing with hundreds of millions of dollars' worth of construction, housing, health, and all the things that go to run a city of 8,000,000, can follow these details around and be acquainted with the actual condition rather than depend upon these officials to tell him, Mr. Halley, I don't know how it could be done.

Mr. HALLEY. I think that is a fair point. On the other hand, as I have been reading the clippings, I find that when good work is done the man with all these responsibilities takes the credit for it; I think he should be at least willing to talk about whether or not the work was good. Would that be a fair approach?

Mr. O'DWYER. You mean the clippings in the newspapers?

Mr. HALLEY. Yes. In other words, publicly the chief executive, with all his responsibilities, does take the credit when things go well.

Mr. O'DWYER. For the things that he does?

Mr. HALLEY. Yes.

Mr. O'DWYER. Mr. Halley, I had a plan for 4 years that I followed consistently, that when a head of a department, or when men such as detectives in the police department, had done an unusually good job I brought them down to city hall and complimented them in public, in the presence of the press, and gave them all the publicity that was possible to give them so as to at least let the people of the city know when men did a good job.

Mr. HALLEY. When the men did not do a good job, what did you do about it?

Mr. O'DWYER. Well, now, give me a few instances.

Mr. HALLEY. In 1946, Mr. Mayor, did you—Mr. Ambassador, did you—

Mr. O'DWYER. Oh, I have been called worse names than one. That's all right.

Mr. HALLEY. That might be. Now, in 1946 did you not inaugurate two separate investigations of official corruption?

Mr. O'DWYER. Two separate ones?

Mr. HALLEY. Yes.

Mr. O'DWYER. I remember the one that Murtagh went into, was assigned to.

Mr. HALLEY. Do you remember the one that Inspector Bals went into?

Mr. O'DWYER. No.

Mr. HALLEY. Well, do you remember——

Mr. O'DWYER. I don't remember him going into any investigation of corruption.

Mr. HALLEY. What was Inspector Bals supposed to be doing?

Mr. O'DWYER. Well, I'll tell you what my thoughts on the matter were at the time of his appointment. During the Murder, Inc., investigations, when Bals had charge of the policemen over there in the district attorney's office in Brooklyn, we began to find, Mr. Halley and gentlemen, that the condition, in the first place, lasted for years and years, practically a hold-over from the prohibition days, and that would be better than 10 years, as far as I can recall.

Now, we found, No. 1, what I have said about bookmaking, I have said about that. It couldn't possibly have continued if the police were on their feet, on their toes.

As we went into these investigations, I found two things: No. 1, that while these hoodlums were allowed to stand around in the streets, especially in poor neighborhoods, well-dressed, with automobiles and apparently free from any police attack except an occasional arrest for disorderly conduct, that the children were impressed by their power and that they were led into it, so much so that, to give you one instance, one of the boys that we got in early, as I recall his name was Pretty Levine—now, Pretty Levine came from the neighborhood where Bugsy Goldstein hung out on the corner and showed off; and one day Pretty Levine was arrested for some minor offense. He was then 16 or 17 years of age. He was in Raymond Street jail; and as the prisoners walked around during the walk period in the jail, the great big man from his neighborhood, Bugsy Goldstein, came up to him, put his hand on his head, and said, "Aren't you from my neighborhood?"

That was actually the biggest thing that happened to that little Levine boy, so much so that when he came out he was immediately sent for by Bugsy and he was used.

Now that's one angle. I would like to give you another. Please be patient with me in this.

Mr. HALLEY. I do want to be patient; but bearing in mind the time element, and also bearing in mind the precise matters before the committee, do you feel that you really must go into these distantly related matters in order to explain what Inspector Bals was doing?

Mr. O'DWYER. I do, indeed. This is the heart of what Mr. Bals was supposed to do.

Mr. HALLEY. Well then, I would like to hear it.

Mr. O'DWYER. I cannot answer the question fully unless I tell you why I made him a deputy commissioner and assigned him to certain work.

Mr. HALLEY. You mean you explained to him about Pretty Levine?

Mr. O'DWYER. No. He himself was thoroughly familiar with it. It was because of his familiarity with that type of influence. And another: We found that our police department at that time was wholly unable to cope with this murder gangster situation, and I will tell you why.

The police department of this city is divided into many precincts all over the city. Apparently, the detectives would know something about their own precinct, but didn't have the slightest idea of where the gangsters moved to within the city, and we felt at the time that

if we had one central place throughout the city where we knew of the movements of these gangsters—if they left their homes, where did they go to? With whom did they associate? What was the general method of operation within the precinct where they met?—that we could have had valuable information that would have been of use to the detectives of the whole city and to anyone else in the city that was interested in that kind of information.

Now I am finished with the background of why I appointed Bals as a commissioner. I knew that no one was more familiar with the need for that than Bals himself, who had run into it over 21½ years.

Mr. HALLEY. What did you tell Bals to do?

Mr. O'DWYER. I told Bals to do what we talked about when we were still in the district attorney's office years before, and that is to make certain that we knew every gangster in the city, that we knew his habits, that we knew his associates, and that we knew where he hung out, and make a list of it and have it available for the detective division of the police department.

Mr. HALLEY. He was simply to catalog gangsters?

Mr. O'DWYER. Organized information.

Mr. HALLEY. And he was to do nothing else?

Mr. O'DWYER. That's all. If he did that, that would have been splendid. I say now, if that were done, it would have been a splendid thing to do.

Mr. HALLEY. Mr. O'Dwyer, of course you were mayor at the time—

Mr. O'DWYER. Yes.

Mr. HALLEY. And I was one of your constituents, so that it is difficult for me to argue with you about what was in your mind.

Mr. O'DWYER. Yes, sir.

Mr. HALLEY. But have you read Mr. Bals' testimony?

Mr. O'DWYER. No.

Mr. HALLEY. It seemed to me that he thought that he was doing something else.

Mr. O'DWYER. That is what I wanted him to do.

Mr. HALLEY. Why did you dismiss him after 2 months?

Mr. O'DWYER. Because Commissioner Valentine told me that the system wouldn't work; that he was crossing lines; that the inspectors, I think it was, and the people in the various districts, the commands throughout the city, in the police department, were disturbed by his activities to a point that it was interfering with morale.

Now when Commissioner Valentine told me that, naturally, I wasn't going to run the police department. I had a good commissioner. I inherited him from Mayor LaGuardia, but he was a good commissioner. I knew that.

Mr. HALLEY. Well just how how was Mr. Bals interfering with morale? What was he doing?

Mr. O'DWYER. I didn't press that point. As long as my police commissioner said he wanted that practice stopped because he was interfering with morale, I was relying on Wallander.

Mr. HALLEY. You were the mayor?

Mr. O'DWYER. That's right. And he was the police commissioner.

Mr. HALLEY. Now Bals has testified that one of the reasons he thought there was objection to him was that he was getting into the hair of the top brass.

Mr. O'DWYER. That isn't the reason; that isn't what Commissioner Wallander told me.

Mr. HALLEY. Is it not a fact that in 1946 you suspected a system of police payoffs by bookies?

Mr. O'DWYER. Well anyone that wouldn't expect that, after seeing the Seabury investigation, and after seeing the John Harlan Amen investigation in Brooklyn, when I went into the war, anyone that didn't suspect that it would happen again just is born every morning.

Mr. HALLEY. Especially if you were checking on the situation through such evidence as is available. I don't know if you did, but did you ever check the number of scratch sheets that were, for instance, being sold in 1946?

Mr. O'DWYER. I certainly did not.

Mr. HALLEY. Well, it reached an all-time high for New York of 42,550,000.

Mr. O'DWYER. We are waiting for that beautiful day, Mr. Halley, when there will be a Federal law to prevent publication of scratch sheets, or any racing information in the newspapers.

Mr. HALLEY. May we stick to the point at hand, and then I think the committee does want, and I know you have given me, personally, the benefit of your thoughts, on how to eliminate gambling.

But is it not really the point that the basic evil, just as in the prohibition days, is the corruption that results?

Mr. O'DWYER. The basic—it begins with—repeat that question, please?

Mr. HALLEY. Well, you testified at the start of your statement that prohibition did a great disservice to this country by breeding racketeers and corruption.

Mr. O'DWYER. And worse than that, a disrespect for law.

Mr. HALLEY. And doesn't this organized business of gambling breed corruption and a disrespect for law?

Mr. O'DWYER. So long as it is illegal and profitable, the danger is there, and anyone who doesn't recognize that danger just isn't grown up.

Mr. HALLEY. Well, it is more than a danger. I think you testified earlier that you just can't have large-scale bookmaking without having police corruption.

Mr. O'DWYER. I certainly did; and that's true.

Mr. HALLEY. There is no doubt about that.

Mr. O'DWYER. Police corruption will be a part of it.

Mr. HALLEY. Well, you certainly suspected police corruption in 1946, did you not?

Mr. O'DWYER. I was worried about it for 4 years. I knew I was sitting on a powder keg, and I know that any mayor sitting in city hall is sitting on a powder keg, under the present conditions.

You do the best you could to stop it and control it, but you know that it is there, and you know how difficult it is to put your finger on it.

Mr. HALLEY. And you did something, did you not, to stop it?

Mr. O'DWYER. The additional thing that I did over and above the district attorneys, and having an honest police commissioner, chief inspector, was to assign John Murtagh, a commissioner of investigations, to a running investigation during the balance of the administration.

Mr. HALLEY. By "a running investigation," what do you mean?

Mr. O'DWYER. That he continued, that it was a part of his job, that he didn't need any other orders from me, that he was to continue and find out all he could about it: the bookmakers, the corruption, and everything else; whatever he could find out; and to communicate with the prosecuting authorities in the police department.

Mr. HALLEY. What concrete results came out of that investigation?

Mr. O'DWYER. I think you wouldn't be here today if the prosecuting authorities in New Jersey had prosecuted on the basis of the information that Murtagh gave to them.

Mr. HALLEY. Well, let us talk about what happened in New York first. Erickson was here in New York, had an office here in New York, as you know. Did you know that?

Mr. O'DWYER. I learned it afterwards.

Mr. HALLEY. For instance, did Mr. Murtagh ever call him in or did you ever call Erickson in and ask him where he banked?

Mr. O'DWYER. I didn't call him in at all. I took no part in the enforcement of it, for the reasons that I gave you. The mayor cannot do that. He wanted time, and he hasn't got it. If he has good heads of departments and depends upon them, that is as far as you can expect the mayor to go.

Mr. HALLEY. It may be, Mr. Mayor, that that point is well taken. I am not certainly here to argue that. What we are trying to establish is whether or not in 1946 there were launched two intensive investigations of corruption and what came of them.

Mr. O'DWYER. Well, you said two?

Mr. HALLEY. Yes.

Mr. O'DWYER. And I don't go along with you that Bals had anything to do with corruption and gambling, and anything else. His job was to get information, so I think we will have the record clear on that before we go any further.

Mr. HALLEY. You, for instance, when you talked to Mr. Yavner in Mexico, mentioned that Bals had, in addition to upsetting the morale of the police department by cutting across lines of authority, that he had failed to accomplish anything or submit any reports; do you recall that?

Mr. O'DWYER. I received no report from him, and as far as Commissioner Wallander was concerned, he did not believe that Bals was doing the job that he was sent in there to do, that he wasn't successful in it.

Mr. HALLEY. Do you think 2 months would be enough of a chance for a man to start a job like that?

Mr. O'DWYER. I think so. He ought to be able to show something in 2 months.

Mr. HALLEY. How badly did Bals let you down? How bad was his failure?

Mr. O'DWYER. The police commissioner told me that the system was wrong, it wasn't getting anywhere, and I said to the police commissioner, "You are the police commissioner. I want a good job done. Use your judgment," and the police commissioner took the squad away from him and assigned him to the office to get whatever information he could get from the police records.

Mr. HALLEY. Did the police commissioner tell you that Bals had set up a post-office box?

Mr. O'DWYER. No.

Mr. HALLEY. In one of the post offices, to which he let people know he wanted information delivered?

Mr. O'DWYER. No. I don't recall the police commissioner telling me that.

Mr. HALLEY. Did you ever hear rumors that as a result of Bals' squad being set up, it was indicated that the usual method of handling gamblers would be abandoned and that anybody who wanted police protection would get it from Bals?

Mr. O'DWYER. That is the first time I heard of that, today, from you.

Mr. HALLEY. Bals had the impression that one of the things he was supposed to be doing was checking up on the administration of the police department insofar as it related to gambling. Would that be an erroneous impression?

Mr. O'DWYER. That would. That is, it would not be at all what I had in mind or what I had discussed with him years before, during the Murder, Inc., investigations, nor what I had discussed with Commissioner Wallander.

Mr. HALLEY. Isn't the setting up of simple lists of gangsters an ordinary function of every police department?

Mr. O'DWYER. That is what they said in the police department, but in Murder, Inc., we had them shooting one another on the streets of this city for 10 years, and you couldn't get a bit of information a mile away from the precinct where it happened. This is precisely what I wanted to correct.

Mr. HALLEY. Would the way of correcting it be to take the man who had been the chief investigator in the Anastasia case?

Mr. O'DWYER. The chief investigator in the district attorney's office in my time, and a good one, during my time.

Mr. HALLEY. And the man who had been in charge of the police detail which guarded Reles?

Mr. O'DWYER. Well, he wasn't there. Why quibble on that? There were men assigned to guard Reles that were technically charged to him, but they were policemen, and they knew their duty, and would you have Bals sitting in the Half Moon Hotel and do nothing but supervise six men?

Mr. HALLEY. Did you ever read the reports of the investigation?

Mr. O'DWYER. At that time I believe I did. I also had a conference with the late Commissioner Valentine on it.

Mr. HALLEY. Did you come to the conclusion that proper safeguards had been set up?

Mr. O'DWYER. Oh, I thought they were set up, and I still think they were set up properly, but I don't think they were properly supervised. I don't think they did the job.

Mr. HALLEY. What do you mean when you say they were not properly supervised?

Mr. O'DWYER. I mean there was a supervisor assigned there.

Mr. HALLEY. Who was the supervisor?

Mr. O'DWYER. The name escapes me at the present time, but it is on the record.

Mr. HALLEY. Wasn't Bals the supervisor?

Mr. O'DWYER. Well, not on the job.

Mr. HALLEY. Aren't you cutting hairs to enable Bals to escape the responsibility? You say they weren't properly supervised, but Bals was the supervisor.

Mr. O'DWYER. Mr. Halley, if there is any hair cutting on this, you are cutting it.

Mr. HALLEY. Well, I don't know, it seems to me——

Mr. O'DWYER. I am telling you this much: Here is a man downtown, actually conducting an investigation. Here is a corner of Brooklyn where you have six policemen assigned to guard witnesses. Now, what you are trying to do is to hold the man who is the head of the entire investigating squad, who is not on the scene, what you are trying to do is to hold him responsible for what happened at 2, 3, or 4 o'clock in the morning.

Mr. HALLEY. Well, if there was not a proper system set up?

Mr. O'DWYER. There was.

Mr. HALLEY. Obviously, there couldn't have been.

Mr. O'DWYER. There was a proper system set up.

Mr. HALLEY. Reles was at the time the key witness; was he not?

Mr. O'DWYER. That's right. Now, let's stick to the system. Six cops were enough to take care of him. There was one in charge of the six, or one of the six was in charge, as I recall. There were plenty of men. They knew what their obligation was. Something happened.

Mr. HALLEY. Well, that's not the system. That's generalities, isn't it, Mr. O'Dwyer?

Mr. O'DWYER. That was the assignment in the police department.

Mr. HALLEY. Let's see where they were. There was a hotel corridor, was there not?

Mr. O'DWYER. Yes.

Mr. HALLEY. And Reles was in a room——

Mr. O'DWYER. I will not talk as an expert because I left that to the police department, and I am not familiar with all the details of it.

Mr. HALLEY. Well, why do you arise so vigorously to the defense of Bals and tell me I don't know what was done?

Mr. O'DWYER. I am not defending Bals. I am defending the system of protection of the witnesses.

Mr. HALLEY. Well, you don't know the system.

Mr. O'DWYER. I certainly know this much: that the police department accepted the responsibility for it.

Mr. HALLEY. Is that an answer, Mr. O'Dwyer?

Mr. O'DWYER. Yes; it is.

Mr. HALLEY. The question is, what safeguards were set up to protect the most vital witness your office had?

Mr. O'DWYER. The police.

Mr. HALLEY. The police. Under the control of Bals?

Mr. O'DWYER. Yes. And if you are going to go all the way up the line, the responsibility of Police Commissioner Valentine. Why stop at Bals?

Mr. HALLEY. Then under the responsibility of District Attorney O'Dwyer?

Mr. O'DWYER. That is not so, although I don't use that as any intent to escape from any charge that I wasn't interested in the protection of witnesses. But it was a police matter to protect them, and it started at the scene where they were located, and the responsibility for that protection went all the way up to the late Commissioner Valentine.

Mr. HALLEY. Now, Bals himself testified that he was the boss on that charge.

Mr. O'DWYER. Oh, yes.

Mr. HALLEY. Do you doubt it?

Mr. O'DWYER. None.

Mr. HALLEY. He said it was his responsibility. Now, that obviously doesn't mean he had to be there 24 hours a day watching the man.

Mr. O'DWYER. He had a human weakness you have. He had to get a night's sleep.

Mr. HALLEY. Obviously.

Mr. O'DWYER. You don't think for half a minute that you hold a man responsible for a specific occurrence while he was asleep?

Mr. HALLEY. No. But did you personally look into the actual set-up at the Half Moon Hotel, to see whether the system was such that the men were properly guarded?

Mr. O'DWYER. I was there several times, and it was my impression they were properly guarded if the policemen there did their job.

Mr. HALLEY. Now talking in specific terms rather than in general terms, what was the system which was set up to make sure that Reles would not either attempt to escape or be pushed out of a window?

Mr. O'DWYER. I would have to look at the records of the police department for the actual assignments. That happened over a period of 2, 2½ years, and I am certainly not going to stand here before this committee and say that I knew every little detail of the police arrangement, other than to say I saw them in the beginning and it seemed to me that if the police did their work, nothing could have happened such as did happen.

Mr. HALLEY. Well, you must have felt the police did their work?

Mr. O'DWYER. Up to when?

Mr. HALLEY. Up to the time that you went to the police inquiry and said that the policemen were not to blame.

Mr. O'DWYER. I didn't say they weren't to blame.

Mr. HALLEY. Well, I do have a clipping which quotes you as saying exactly that.

Mr. O'DWYER. The record—the stenographic record of that.

Mr. HALLEY. The newspapers reported you as having said the police department were not to blame.

Mr. O'DWYER. What I told you yesterday is true and will always be true: that Reles had indicated to us he wouldn't go from—at one time he wouldn't even go over for a cup of coffee in an airport while he was on his way in a private plane to prosecute Siegel on the coast. He wouldn't move from the plane unless there was a policeman with him. The man was deathly afraid to be alone without a policeman to protect him. And that was well known.

Now, to say that that was not well known would not be just. It wouldn't be right. It was well known.

Mr. HALLEY. Well, it appears here, and I will quote:

O'Dwyer appeared as a voluntary witness for the policemen. He said they had done their duty and were blameless in this escape.

Is that your view?

Mr. O'DWYER. That is certainly not so. They were tried in the police department, found guilty of the blame, and were punished.

Mr. HALLEY. What was to blame? Let us find some responsibility somewhere.

Mr. O'DWYER. The police trial. Have you the records?

Mr. HALLEY. I have the actual statements made by the policemen at the police trial.

Mr. O'DWYER. And have you got the results of the police trial?

Mr. HALLEY. They were demoted.

Mr. O'DWYER. They were demoted. They were punished.

Mr. HALLEY. And Bals was made by you, sometime after, seventh deputy police commissioner; and what I am trying to establish is why the cops were demoted and their boss was promoted.

Mr. O'DWYER. Because it happened in the dead of night, because the police who were there were careless, obviously they were careless, and because Bals wasn't personally responsible for the actual protection of these men.

Mr. HALLEY. Now, did you ascertain the system which he had set up?

Mr. O'DWYER. I have answered that already. I was down there in the beginning and saw how it was done. It looked to me to be adequate.

Mr. HALLEY. Did you know that Reles had a room at the end of a corridor all by himself, away from the post where the police were stationed?

Mr. O'DWYER. I didn't know that until after his death.

Mr. HALLEY. And did you know that the system was that every hour or so a cop would walk down the hall?

Mr. O'DWYER. That was my understanding. I heard that after his death.

Mr. HALLEY. Did you think that was a proper system?

Mr. O'DWYER. When I heard that, I didn't.

Mr. HALLEY. Well, who set up the system?

Mr. O'DWYER. I don't know just who made that change, who made that arrangement.

Mr. HALLEY. Well, it certainly would not be the responsibility of the cops you just said were negligent?

Mr. O'DWYER. Why not?

Mr. HALLEY. Wouldn't the boss assign the room and see where Reles was sleeping?

Mr. O'DWYER. That is not the question. The question is did he?

Mr. HALLEY. If he didn't, he is certainly to blame.

Mr. O'DWYER. Will you say that again?

Mr. HALLEY. Let us start with what you said. You said that the question is did he, and it seems to me that if he didn't, he was certainly negligent in not having seen that it was done; and if he did it, he should have seen the conditions and done something about them.

Mr. O'DWYER. Before or after?

Mr. HALLEY. You answer that. You were his boss, Mr. O'Dwyer.

Mr. O'DWYER. I don't know the details, as I told you, of that particular arrangement. I have answered that three times.

Mr. HALLEY. Well, here is where we get into difficulties, Mr. O'Dwyer.

Mr. O'DWYER. Yes. It is difficulty that always arises between hindsight and foresight.

Mr. HALLEY. No; I don't think so. We get into difficulties when you attempt to construe a series of questions to establish something other than the point at issue. The point at issue is, and the point started with, not whether you did something terrible in this connection, or whether the whole police department was rotten, or all the other—

Mr. O'DWYER. I heartily disagree with you.

Mr. HALLEY. May I finish?

Mr. O'DWYER. I heartily disagree with you. That is exactly what you are trying to show.

Mr. HALLEY. Well, I will say for the record that what I am trying to show by this line of questioning is that Bals was a man who you should have known was incompetent, and whom you should not have appointed seventh deputy police commissioner and assigned to a job which apparently cut across lines in the police department.

Mr. O'DWYER. And at which he was assigned for 2 months, and upon report of Commissioner Wallander that it wasn't working, that I changed.

Mr. HALLEY. And it wasn't working because, you said, as you just have, that he wasn't doing the job right?

Mr. O'DWYER. Well, that is what Commissioner Wallander told me.

Mr. HALLEY. Well, would you concede—

Mr. O'DWYER. It seems to me that it is pretty picky, in a senatorial investigation, to spend so much time on whether or not the 2 months' trial of Bals on the job was good police work or bad.

Mr. HALLEY. It is not, Mr. O'Dwyer, and I think I should tell you why it is not.

It is not, because I have been trying for 2 days to get some answers to some questions, and we always get off onto something like why a young man was impressed by a gangster with an automobile.

Mr. O'DWYER. It is part of this investigation; isn't it?

Mr. HALLEY. Yes. But it is not the part that is at issue right here. The issue here is: What happened to your gambling investigation in 1946?

Mr. O'DWYER. There you go again, insinuating that it was a gambling investigation that Bals was assigned to, when I have said twice already that it was not.

Mr. HALLEY. Well, Bals said he thought he was investigating book-making.

Mr. O'DWYER. Well, that is why he didn't last. In 2 months' time he was out.

Mr. HALLEY. That's a strange answer. That's why Bals thought he didn't last; he thought he was getting in the hair of the brass.

Mr. O'DWYER. Well, if he was interfering with the morale of the police department, Commissioner Wallander told me. I certainly didn't hesitate at all to go along with Commissioner Wallander and remove him.

Mr. HALLEY. Would you at least, at this time, now concede that your appointment of Bals as seventh deputy police commissioner was not justified?

Mr. O'DWYER. That's shown so clearly in the record.

Mr. HALLEY. That one was a boner?

Mr. O'DWYER. All right.

Mr. HALLEY. And it resulted in Bals getting——

Mr. O'DWYER. It was a boner for 2 months, 2½ months; and we corrected it.

Mr. HALLEY. Not quite. Bals is now on a pension——

Mr. O'DWYER. Oh.

Mr. HALLEY. Oh, I pay taxes. I think you used to, Mr. O'Dwyer.

Mr. O'DWYER. Yes.

Mr. HALLEY. He is now on a pension which exceeds by over \$1,000 the largest salary he ever drew in the police department.

Mr. O'DWYER. Senators, is this a part of the investigation, too?

Mr. HALLEY. Mr. Chairman, is it not a part of the investigation? If it isn't, I don't know why I am here.

Senator O'CONOR. The committee feels, because it has been discussed, that inasmuch as this is a part of the over-all story, it is inseparably connected with it.

As to the weight to be attached to it, it is, of course, for the committee to decide. But it is a proper question.

Mr. O'DWYER. Under the law, sir, under the law, Bals was entitled to this pension. I didn't have anything to do with that law. It was on the books. It was there, and there was nothing you, I, or anyone else could do about it. I am just wondering how the witness could be responsible for the law.

Mr. HALLEY. Well, the law didn't automatically make Mr. Bals seventh deputy police commissioner, did it?

Mr. O'DWYER. Any seventh deputy police commissioner was entitled to take advantage of the law.

Mr. HALLEY. That was a post which had been vacant for some time, had it not?

Mr. O'DWYER. That's right.

Mr. HALLEY. It was a post which really had no particular functions and which didn't need an incumbent?

Mr. O'DWYER. That's right.

Mr. HALLEY. Was there anything about this trial job you were giving Bals that really required making him a police commissioner of any kind?

Mr. O'DWYER. Well, Mr. Halley, as it turned out, the appointment of Bals was a—in view of the attitude of Commissioner Wallander, he didn't like the plan, he didn't like the thing at all; and he asked me, or suggested to me that it would be a good thing to abolish it after 2½ months.

But, Mr. Halley, while I have said that it could have been a boner, and at that time I believed it was one, after all our worrying, and I see this thing break in Brooklyn the way I see it, I am just wondering if I should have been so sensitive, or Commissioner Wallander should have been so sensitive about his top brass. And I am not so sure that it was a boner.

Mr. HALLEY. Well, a few minutes ago, Mr. O'Dwyer, you said that one of the reasons why Bals got into trouble with Wallander was that he was going into the bookmaking question.

Mr. O'DWYER. I didn't bring that up. I didn't know that he went into that until you just told me.

Mr. HALLEY. Well, when I did, you said that was probably one of the reasons he was in trouble.

Mr. O'DWYER. All right, have it that way.

Mr. HALLEY. I thought you said that, did you not?

Mr. O'DWYER. Probably one of the reasons.

Mr. HALLEY. Now you feel that if you and Wallander, when this question came up, had realized how much bookmaking came up you would have let Bals go after bookmakers; is that right?

Mr. O'DWYER. Probably not Bals, but the system might have been used to good advantage.

Mr. HALLEY. So that it was, after all, too bad that Bals was not allowed to continue going after the gambling?

Mr. O'DWYER. I didn't say that. I didn't know he was going after gambling.

Mr. HALLEY. I didn't ask you if you said it. I ask you if you want to say it now. It was a question, not a statement.

Mr. O'DWYER. I can only answer it to this extent: That in the police department it might have been a good thing if we had some person gathering information, even though they did offend the high brass in the police department.

Mr. HALLEY. Did you at any time, even after Bals left, make any effort to go after the top bookmakers and the big gamblers and the big racketeers?

Mr. O'DWYER. Of course. It was after that I assigned Murtagh to the job, in addition to the police department and the district attorneys.

Mr. HALLEY. Now, Murtagh appeared here. Were you here when he testified?

Mr. O'DWYER. Yes, I was.

Mr. HALLEY. He told the committee at great length about this wire room that we have seen and think it is a fine job.

Mr. O'DWYER. Yes.

Mr. HALLEY. But in your experience as an investigator, has it come to your attention that where one finds bookmaking on a large scale, and corruption on a large scale, one almost invariably finds an excellent record of prosecution of small bookies?

Mr. O'DWYER. Well, I will tell that definitely wasn't true in the case of New Jersey, because Murtagh told you yesterday, I heard him tell it to you, that he sent the Erickson and Adonis numbers over to New Jersey in 1947 and there wasn't a thing done about it until 1950.

Mr. HALLEY. There is no disposition on my part to argue with you that New Jersey was a clean place.

Mr. O'DWYER. Then, sir, that is my answer to your question.

Mr. HALLEY. Now may we talk about New York.

Mr. O'DWYER. Pardon me, let's make it clean, let's make the answer clear, please. You said if you find corruption would you find a great record of prosecution. In this particular case Murtagh dug up where the thing was going on across the river, outside of our jurisdiction. He sent the information to the prosecuting authorities over there. Nothing was done. So my answer to your question, sir, must be "No."

Mr. HALLEY. Well, it is not quite. I am afraid that in order to ask the next question I must make some kind of statement for the record, which is that as far as the operations of the bookmaking establishments across the river were concerned, and the big crap games and

gambling houses were concerned, they were known not only to Murtagh but to many Federal prosecuting agencies which, of course, had no jurisdiction over them.

Mr. O'DWYER. That's right.

Mr. HALLEY. They were matters which were brought to the attention of the authorities in New Jersey again and again. Murtagh was definitely a Johnny-come-lately in that field. Now, we are not here to disagree about New Jersey. At least we can both agree that law enforcement there was pretty poor.

Now let us talk about New York. In New York Murtagh pointed out that as the result of this wire room, with information received from the telephone company, a great many telephones were pulled out of bookmaking establishments; is that right?

Mr. O'DWYER. They say thousands.

Mr. HALLEY. That's right. And a great many bookmakers were arrested; is that right?

Mr. O'DWYER. I assume that is right.

Mr. HALLEY. That is normal procedure in any large city. If you weren't getting arrests of bookmakers day in and day out you would think your police department had just fallen completely apart, wouldn't you?

Mr. O'DWYER. That's right.

Mr. HALLEY. Wire room or no wire room?

Mr. O'DWYER. That's right.

Mr. HALLEY. So that if the wire room were to have any value it would be to help you find the police corruption which enabled the bookies to operate and to catch the big bookies; wouldn't that be the fact?

Mr. O'DWYER. I don't follow you.

Mr. HALLEY. Well, you said that the bookies can't operate without police protection; is that right?

Mr. O'DWYER. That's right. That is, on a big, big scale.

Mr. HALLEY. Well, they sure were operating in New York City on a big, big scale in 1946, 1947, 1948, and 1949, were they not?

Mr. O'DWYER. Well, longer than that. John Amen showed that they were doing it when he was over in Brooklyn in 1942.

Mr. HALLEY. We have the figures starting in 1941, and I was adding some of the totals. This is a tabulation which is in evidence.

Mr. O'DWYER. All right, I won't object to it.

Mr. HALLEY. I added the total for 1941, and it was only 23,300,000; in 1945 it had risen to 28,600,000; in 1946 it jumped from 28,000,000 to 42,550,000; in 1947 it stayed at 40,000,000; in 1948 it was down to 34,500,000; in 1949 it was up a bit to 35,300,000; and in 1950 it went down to 28,950,000.

Now, with those figures and with the facts developed in the investigation in Brooklyn by District Attorney McDonald and his staff, would you assert that there has not been bookmaking on a large scale?

Mr. O'DWYER. There was betting on a large scale in New York City.

Mr. HALLEY. Betting?

Mr. O'DWYER. Betting, surely. You had to have a bookmaker to bet with.

Mr. HALLEY. A local bookmaker?

Mr. O'DWYER. It had to be a local bookmaker, I suppose.

Mr. HALLEY. I should think so. And, of course, Mr. Gross turned up to be at least one of the local bookmakers, is that not right?

Mr. O'DWYER. That is what it turned out to be. It looks like that.

Mr. HALLEY. In fact, there was another gentleman named Katz out in the Brownsville section.

Mr. O'DWYER. Yes. We shut him up. We closed him up, in my time.

Mr. HALLEY. When did you shut him up, do you remember?

Mr. O'DWYER. I don't know. You would have to find out when Inspector Jim Kennedy was sent out there, because he was the one that closed it.

Mr. HALLEY. Wasn't it about the time that Abe Stark took issue with you in a mayoralty campaign?

Mr. O'DWYER. No.

Mr. HALLEY. I think it was.

Mr. O'DWYER. I don't think so at all.

Mr. HALLEY. And Stark was Katz' landlord, wasn't he?

Mr. O'DWYER. Now look, I think you've got to look into that. It isn't fair to make a statement like that because that didn't happen.

Mr. HALLEY. Well, I looked into it. It's just physically impossible for me to have every document in the world in front of me. This is what I remember.

Mr. O'DWYER. When was Kennedy sent out there as an inspector?

Mr. HALLEY. I think it was in 1949.

Mr. O'DWYER. Whenever it was, that's the time that he was really closed up. As far as Abe—well, go ahead.

Mr. HALLEY. My expert advisers tell me it was January 7, 1949, to January 10, 1950. Now, you recall that that was the period during which you and Stark had a parting of the ways politically?

Mr. O'DWYER. I believe that was the time when Mr. Stark was the commissioner of commerce under me.

Mr. HALLEY. Well, at the beginning of that time.

Mr. O'DWYER. Oh, I think he was still commissioner of commerce.

Mr. HALLEY. No, he didn't support you in 1949, did he?

Mr. O'DWYER. I think if you will look into it, he was the commissioner of commerce under me in January 1949.

Mr. HALLEY. Yes. But that's when Kennedy started.

Mr. O'DWYER. That's right.

Mr. HALLEY. Now, during the course of 1949 you and your commissioner of commerce had a parting of the way; did you not?

Mr. O'DWYER. Now, wait a minute. Let's get it clear. Let's get it clear, Mr. Halley. I don't like the confusion of your questions.

Kennedy went there to that area, closed up this man Katz, in my recollection, while Mr. Stark was the commissioner of commerce.

Mr. HALLEY. What brings that to your recollection?

Mr. O'DWYER. I just feel that that's—I would rather not rely on my recollection. Why don't you get your experts to check that one?

Mr. HALLEY. We will get the records on the precise date.

Mr. O'DWYER. All right.

Mr. HALLEY. But it turns out that he was closed up in 1949; is that right?

Mr. O'DWYER. I have no distinct recollection of it; but I will take your expert's word.

Mr. HALLEY. And at least some time in 1949, you and Stark did show up on opposite sides of a ticket?

Mr. O'DWYER. Very late in 1949.

Mr. HALLEY. Well, the battle lines were drawn during the earlier part of the year?

Mr. O'DWYER. I wasn't a candidate for reelection in 1949, and you know that very well.

Mr. HALLEY. You came up in the lists rather late, but didn't you—

Mr. O'DWYER. But you knew I wasn't a candidate in January 1949 for reelection.

Mr. HALLEY. I knew personally that you stated to me you weren't a candidate for reelection.

Mr. O'DWYER. That is right.

Mr. HALLEY. As late as July 1949, and even later.

Mr. O'DWYER. And I intended it that way, too, Mr. Halley.

Mr. HALLEY. But that has no relationship to the question we are talking about.

Mr. O'DWYER. That is precisely why I would like to clear the question, because the tone of your question would indicate it was a political feud between Abe Stark and me, which it was not.

Mr. HALLEY. Well, you certainly had separated in the election of 1949; had you not?

Mr. O'DWYER. Around the fall of the year; yes. That is, we separated in a way, but still remained the best of good friends—and we still are.

Mr. HALLEY. When did you begin to have this feud with Stark?

Mr. O'DWYER. I had no feud with Stark.

Mr. HALLEY. When did you begin to separate, in a way?

Mr. O'DWYER. The only thing was, during the campaign, he ran against John Cashmore, who was running on the Democratic ticket, and I supported John Cashmore.

Mr. HALLEY. Now, did you do anything about Katz during the first 4 years of your term?

Mr. O'DWYER. Pardon?

Mr. HALLEY. Did you do anything about Katz during the first 4 years of your occupancy of the office of mayor?

Mr. O'DWYER. I depended upon the usual Wallander and Martin Brown supervision of bookmaking everywhere; and if he were a bookmaker, I would expect to see him in with the rest.

Mr. HALLEY. Well, Katz was one of the biggest bookmakers in New York, wasn't he?

Mr. O'DWYER. It's news to me.

Mr. HALLEY. Kennedy says he was, and that he operated for 20 years. Is that news to you?

Mr. O'DWYER. I wouldn't be surprised, but I wouldn't swear to it.

Mr. HALLEY. Now, I think in fairness to Mr. Katz I should say for the record that he appeared before the committee in a closed session and denied he was ever a bookmaker, although he admitted he was convicted once or twice—but that was a miscarriage of justice.

Now, do you know when Kennedy did go after Katz whether he arrested him or merely put him out of business?

Mr. O'DWYER. I don't know.

Mr. HALLEY. Well, the record shows that Katz wasn't arrested or convicted of bookmaking, but Kennedy, on interview, said he had been put out of business.

Mr. O'DWYER. Yes; it is possible.

Mr. HALLEY. Do you know another bookmaker by the name of Max Courtney?

Mr. O'DWYER. Never heard of him.

Mr. HALLEY. Do you know Nat Herzfeld?

Mr. O'DWYER. I do.

Mr. HALLEY. Well, he at least stated in a statement that he did his betting with Courtney, among others.

Do you know another bookmaker by the name of Sam Gold?

Mr. O'DWYER. Never heard of him.

Mr. HALLEY. Witness McLaughlin testified that Sam Gold was the bookmaker who introduced him to Irving Sherman.

Now, did you know whether or not Irving Sherman was ever in business either with Max Courtney or Irving Courtney, his brother?

Mr. O'DWYER. I never heard of that.

Mr. HALLEY. Well, you did hear of Courtshire dresses, didn't you?

Mr. O'DWYER. What is the name?

Mr. HALLEY. Courtshire dresses.

Mr. O'DWYER. Possibly.

Mr. HALLEY. And the record we have seen, and our interrogation of Irving Courtney, show that he is a partner of Sherman and a brother of Max Courtney.

The question, Mr. Mayor, is, why didn't the police deparament or the department of investigation manage to do anything about putting Katz, Courtney, Bals, or Erickson in jail?

Mr. O'DWYER. Are you asking me that?

Mr. HALLEY. Yes.

Mr. O'DWYER. I think you should ask them that. They were in charge——

Mr. HALLEY. Well, I tried to ask Judge Murtagh a lot of questions yesterday, but I got no satisfactory answer.

Mr. O'DWYER. Do you want him back?

Mr. HALLEY. I might want him back. I would like to find out what did happen. All he would talk about is that he sent complaints over to Jersey.

Mr. O'DWYER. Didn't he answer every question?

Mr. HALLEY. No, he made a lot of speeches, Mayor. It wasn't very good.

Mr. O'DWYER. Get him back.

Mr. HALLEY. Maybe you can. You were his boss, were you not?

Mr. O'DWYER. Yes. Delegating to the heads of my departments, picking the best I could find.

Mr. HALLEY. Do you think they perhaps failed to do the job as you would have liked to see it done?

Mr. O'DWYER. Certainly I would have liked to have seen it done better. But the question of whether or not they could do it better is doubtful.

Mr. HALLEY. In 1950, Erickson finally did go to jail; is that right?

Mr. O'DWYER. I read that in the papers.

Mr. HALLEY. And in 1951, Gross was indicted?

Mr. O'DWYER. I didn't read that in the papers, but if you say so, it is all right with me.

Mr. HALLEY. Why is it that your investigators couldn't do anything about that?

Mr. O'DWYER. There is a big difference, as I see it, Mr. Halley, gentlemen, between investigators and the power of grand juries, and the power of judges in high criminal courts, to punish for contempt, fix high bail, do a lot of things—there is a big difference between the routine or the best kind of an investigation of a police department, or the department of investigations. There is a big difference between that and the powers of a court and the powers of a grand jury.

Perhaps, if that were well understood, my recommendation of the grand jury in Brooklyn almost a year ago would have weight, and that is there ought to be a grand jury investigation in every county, in every State, as a matter of law, at least once a year, to find out how the gambling laws have been enforced.

Mr. HALLEY. What really was your position with reference to the grand jury investigation in Brooklyn, before you resigned from the mayoralty?

Mr. O'DWYER. An investigation of the complaint of corruption, I always favored.

In that particular investigation, I was asked for money twice, and went along solely with the idea of the board of estimate, and gave them the money. I gave them every cooperation from the beginning. I gave them every cooperation up to and including the end, in September, when I left.

Now, I did, of course, at one time in the fall of the year, in an emotional moment, up in the Bronx, about 3 o'clock in the morning, where I saw a policeman who rushed, even though unarmed, to the defense of somebody, and was killed on the spot. Saw his son, saw his widow. And I felt that the four or five hundred people in the police department that were assigned to gambling, that no matter what they did, it was too bad that the emphasis would be placed on that, and not on 18,000 men, 18,000 men who, every minute of the day, while they were on duty, or as in the case I am talking about, they were off duty, were exposed to losing their lives in the defense of citizens, and did it.

And I did say that the thing in Brooklyn was a witch-hunt. That was a most unfortunate thing. It was just one of those things that you say, it is out, and you can't recall it. And afterward, as you know right here in the city, I came back and apologized profusely for having used the term, especially when I found what happened in the case.

Mr. HALLEY. What was your position with reference to Chief of Detectives Whalen?

Mr. O'DWYER. Whalen did a good job as chief of detectives. He cleaned up that Bath Beach crowd. I was appointed with Whalen, a young policeman.

Mr. HALLEY. Did you feel that he should be superseded?

Mr. O'DWYER. I did, indeed—you mean, that he should have been what?

Mr. HALLEY. Superseded.

Mr. O'DWYER. Whalen?

Mr. HALLEY. Yes.

Mr. O'DWYER. Was he?

Mr. HALLEY. He was replaced, was he not?

Mr. O'DWYER. I think he resigned.

Mr. HALLEY. Yes. It was after he resigned, was it not?

Mr. O'DWYER. I don't know. I don't know anything about how he resigned.

Mr. HALLEY. Do you think he should have been replaced; let's put it that way?

Mr. O'DWYER. My recollection is that the district attorney in Brooklyn, and the judges over there, thought very highly of him, and that at one time he went down to Bath Beach where you had fellows like the Chief, and Johnny Bath Beach—I don't know just who the characters were now, but they are old time characters and gangsters. And Whalen did a great job down there.

He got a man named Roger Sullivan. I think he is an inspector at the present time. Another man by the name of Meenahan. And between the three of them they really did a good job. And I think the district over there wrote letters commending Whalen.

Mr. HALLEY. How could the situation which the district attorney is uncovering have persisted without Whalen knowing something about it?

Mr. O'DWYER. Well, Mr. Halley, you have to understand the organization of the police department.

Whalen was assigned to the detective division, which has absolutely nothing to do with gambling, except possibly in the case of policy.

Now, that's my recollection of its organization for the 41 years that I have been in the city of New York, that the detectives deal with felonies, misdemeanors but not with vice or gambling. That is a function of the uniformed force. Whalen was not in the uniformed force; he was in charge of the detective division.

That question of how it could happen without Whalen knowing about it is something I don't understand. Did you understand that organization of the police department?

Mr. HALLEY. Well, it would seem to me that the chief of detectives would be responsible for such a widespread condition as seems to be being uncovered in Brooklyn.

Mr. O'DWYER. In the police organization of this city, as long as I have been in it, the chief of detectives was never in anywise connected with vice and gambling, except to the limitation I gave you.

Mr. HALLEY. Well, would you take the same position as regard to Commissioner O'Brien?

Mr. O'DWYER. Commissioner O'Brien was the head of the department. He was in charge of the law.

Mr. HALLEY. Do you think he also, if he had his eyes open, knew what was going on in his department, could have failed to at least have sensed the condition which appears to be uncovered in Brooklyn?

Mr. O'DWYER. Well, I would think, if we take this picture, that when I came in in 1946, I had Wallander, and I had as chief inspector in charge of operations, Martin Brown, the late Martin Brown.

I relied 100 percent on Wallander knowing what was going on in his department. Frequently talked to him about this very thing.

Brown died. I gave Wallander, without any question, his selection for a chief inspector, who was August B. Flath, the chief inspector that is here to this day, in charge of operations.

Mr. HALLEY. He is in charge of the uniformed men?

Mr. O'DWYER. He is in charge of the uniformed force.

Now, I felt that I had the best men in the city. Now one day, at the end of about 3 years, I think it was, maybe longer, Wallander decided that he had an offer with the Consolidated Edison Co. that would permit him to educate his children, and he was a little tired anyhow, he said.

So, about the end of 3 years, Wallander resigned.

Before he resigned, we discussed his successor, and there were two or three names thrown out, and we picked O'Brien.

I expected exactly the same thing from O'Brien as I did from Wallander, and I still had Flath as the chief inspector. And that is that they would be on top of the situation.

Mr. HALLEY. Well, Flath, in charge of the uniformed men, he wouldn't be quite the right man to face that responsibility, it would seem to me; and that he is still there seems to me to reflect that.

Mr. O'DWYER. Well, all right.

Mr. HALLEY. But your chief of police, your commissioner, and your head of detectives certainly ought to be aware of what is going on.

Mr. O'DWYER. Why the distinction?

Mr. HALLEY. Because they are not the uniformed people; they are the people who have charge of these various groups of detectives, who certainly should have the inside know-how of what is being done.

Mr. O'DWYER. Without any responsibility whatsoever of vice and gambling, except as I limited it.

Mr. HALLEY. Well, there have been occasions when——

Mr. O'DWYER. I don't understand your confusion, because it seems very simple.

Mr. HALLEY. No; there is no confusion. The fact is that the condition appears to have spread across the usual organizational lines into the various divisions, the various boroughs and, according to some of Mr. McDonald's testimony, perhaps even higher.

Now, the question then is, If the investigation in Brooklyn is proceeding along proper lines, as you seem to think——

Mr. O'DWYER. Yes; I do think.

Mr. HALLEY. Aren't your chief of detectives and your commissioner of police two people who certainly should know about it?

Mr. O'DWYER. I do not see the chief of detectives in it at all.

Mr. HALLEY. You do see your chief of police, your commissioner?

Mr. O'DWYER. Chief of police, of course.

Mr. HALLEY. Did you from time to time do certain things which were calculated to give the impression that you didn't think well of the investigation in Brooklyn?

Mr. O'DWYER. I don't recall anything that I did to hurt the investigation.

Mr. HALLEY. Not to hurt it, but didn't you from time to time indicate your displeasure with it?

Mr. O'DWYER. Any time, any time that an innocent man is exposed in the course of an investigation to unfair publicity that affected the standing of his family and himself, and in one case drove a man to commit suicide who was absolutely a clean man, of course I felt keenly for the sorrow of the family and I felt very keenly for the mass annihilation of the reputation of the 18,000 who were not involved in any way whatsoever with the enforcement of vice and gambling.

Mr. HALLEY. Well, I remember that position you took, because I remembered one day when I visited you in connection with this committee.

Mr. O'DWYER. Yes.

Mr. HALLEY. To find out about possible black-market activities.

Mr. O'DWYER. Yes, I remember that day.

Mr. HALLEY. There were in your office Chief of Police O'Brien, Inspector Whalen, and others, and I think you pointed out very forcefully that you thought the Brooklyn investigation was interfering very seriously with the efficiency of the police department by blackening the police force; is that right?

Mr. O'DWYER. It always has a bad effect. It isn't the first time.

Mr. HALLEY. But didn't you, when you conducted your own investigation in 1946, emphasize and actually make a public statement that there will be no stigma attached to any man going down there to 50 Pine Street, to the department of investigation, and being investigated?

Mr. O'DWYER. That's right.

Mr. HALLEY. Why, did you not make a similar statement to give confidence both to the police and the public in Mr. McDonald's investigation?

Mr. O'DWYER. Because that isn't what was happening at the time in the Brooklyn investigation. The names of men were published when they didn't have to be. I made an arrangement with the grand jury over there that we would protect the names of the witnesses, and that was done, and that part was eliminated.

Mr. HALLEY. What part was eliminated?

Mr. O'DWYER. The publishing of the names of the witnesses.

Mr. HALLEY. Well, of course, sometimes in the course of an investigation, as I have frequently found out here, when public interest gets to a certain point it is just impossible to keep secrets, Mr. O'Dwyer; it just can't be done.

Mr. O'DWYER. All right. You don't blame me for fighting for my men that I knew were all right, men that were in uniform that had nothing at all to do with vice and gambling?

Mr. HALLEY. Well, of course, a proper, dignified statement along those lines certainly would be right. But didn't you from time to time take action that at least was subject to construction that you disapproved of the investigation in Brooklyn?

Mr. O'DWYER. What instance have you in mind?

Mr. HALLEY. I have here an editorial from the New York Herald Tribune.

Mr. O'DWYER. That is not a paper that ever distinguished itself by being friendly to me.

Mr. HALLEY. No? Well, I am sorry. If you can name your paper I will look for the files of that paper, because I am trying to be fair.

Mr. O'DWYER. Look at the files of the NAM. "Rub them all out."

Mr. HALLEY. The Tribune pointed out on April 27, 1950, that you had taken the position that your commissioner of investigation should conduct a further departmental investigation, despite the fact that the grand jury was beginning to investigate policemen by, literally by, dozens, it pointed out. The editorial says "in droves." Do you recall that situation?

Mr. O'DWYER. I would like to get a little more information before I answer that question.

Mr. HALLEY. Well, perhaps I should read the thing. It's a bit lengthy.

Mr. O'DWYER. Well, tell me generally what it is. I won't quibble on it, Mr. Halley. I think I know what it is.

Mr. HALLEY. Let me try once again to paraphrase it. Otherwise, I better read it.

Mr. O'DWYER. I will save you and the committee time.

Mr. HALLEY. Do you remember it now?

Mr. O'DWYER. In this way: I remember an instance—whether it's this one or not—in which I suggested, if it was all right with Mr. McDonald, that the commissioner of investigations would look into the conduct of policemen from a standpoint of police discipline without going into in any wise any criminal activities that Mr. McDonald was investigating, so that we wouldn't have to have men around, if we thought they were wrong or could prefer charges against them in the police department. We could move against them in the police department and take action, disciplinary action. Now, that was a suggestion—nothing more. If Mr. McDonald didn't like it, that ended it.

Mr. HALLEY. Well, you recall—

Mr. O'DWYER. Is that the one you are referring to?

Mr. HALLEY. You recall that you originally made that suggestion: that the commissioner of investigation assist the district attorney by his own private investigation and that District Attorney McDonald can refuse such an offer?

Mr. O'DWYER. Only as to police rules and regulations.

Mr. HALLEY. And then the district attorney went ahead and it says: twice extended grand juries to try to get at the truth. Members of the police department are called up in droves. Sixty special investigators are pursuing the search against the handicap of saboteurs within their ranks—and so forth.

Then it goes on to say that apparently the day before this editorial a report from McDonald reached City Hall. Do you recall that?

Mr. O'DWYER. Not particularly.

Mr. HALLEY. Then I better quote this. It says:

But yesterday, when the long-awaited McDonald report reached City Hall, Mr. O'Dwyer chose to keep private this bill of particulars. The public interest is ignored. The police department is bypassed, and District Attorney McDonald is left to wonder.

Mr. O'DWYER. I don't know what that is referring to at all. It doesn't make sense to me.

Mr. HALLEY. Well, what they are referring to is that you had kept Mr. McDonald's report private and ordered another investigation by Commissioner Sheils; and the Herald Tribune was objecting to that strenuously.

Mr. O'DWYER. Oh, yes, I recall what that was.

That was the complaint of a citizen—as I recall it, a lawyer—who wrote in complaining of the actions of two policemen assigned to the investigation in Brooklyn, in which he demanded disciplinary action; and as I recall it, it referred to an incident that Mr. McDonald knew

nothing about on the same evening in a different saloon, where certain assaults were charged to be made by these two men. And in that one there was just nothing to do but to send it to the commissioner of investigation for his action, to find out what the facts were in that case.

MR. HALLEY. Well, that little dog grew a very big tail. And that's what the Herald Tribune is talking about—the isolated complaint by a citizen no longer mattered. You now had a tremendous investigation, which certainly would have been delayed if you stopped to worry about the isolated complaint and stopped the big investigation.

MR. O'DWYER. And if the assaults were to the publisher of the Herald Tribune in the saloon, that would be a bigger dog with a bigger tail.

MR. HALLEY. Now, would there be any reason why the investigation of such an important thing as the police corruption—which I think you agree is necessary to bookmaking on a large scale—should not have been investigated promptly, aggressively, and efficiently by a grand jury as quickly as possible?

MR. O'DWYER. Mr. Halley, the question is, Was the action of the police commissioner in forwarding that to the department of investigations right or wrong? What were the rules? What was the law? What was the duty? What was the responsibility? And on the basis of these things, I think the action taken was correct.

MR. HALLEY. Do you remember that on another occasion Commissioner Sheils, who succeeded Commissioner Murtagh, called Mr. Dahut, the man who was chief investigator of the district attorney's investigating unit, down before him?

MR. O'DWYER. As a part of that investigation, yes.

MR. HALLEY. And the man who was supposed to be investigating the gamblers found himself being investigated by the commissioner of investigations?

MR. O'DWYER. Well, I know people who investigated murder from coast to coast who found themselves investigated.

MR. HALLEY. It didn't help the investigation, did it, for Commissioner Sheils to bring Mr. Dahut in for a quizzing?

MR. O'DWYER. There was an attempt made at the time to establish supervision, who was responsible for these policemen.

MR. HALLEY. You mean these two isolated policemen who turned out to be sour?

MR. O'DWYER. Yes. What was their purpose in being there? They have an obligation to be there at 11 or 12 o'clock at night? What did the records show? That was my understanding of what Mr. Dahut was asked.

MR. HALLEY. And it was done in a public fashion, so that it was impeding the investigation to bring Mr. Dahut in—

MR. O'DWYER. I don't know how publicly that was done. I don't think it was done in public. I think it was a private investigation.

MR. HALLEY. Yes, and the very complaint you made that these things should be kept secret turned out to be right there?

MR. O'DWYER. Now, are you testifying or am I testifying, Mr. Halley?

MR. HALLEY. Well, it is essential that we establish some facts.

MR. O'DWYER. On the question of publicity, show me where the commissioner of investigations gave publicity to that.

Mr. HALLEY. Well, it got out.

Mr. O'DWYER. Who got it out?

Mr. HALLEY. That is always a question.

Mr. O'DWYER. It is not. In that case it was my recollection that it was Mr. Helfand, in Brooklyn, that gave it out.

Mr. HALLEY. Well, are you sure of that?

Mr. O'DWYER. I am not.

Mr. HALLEY. Have you got the facts?

Mr. O'DWYER. It is my recollection.

Mr. HALLEY. And if Mr. Helfand felt that by taking his chief investigator and grilling him, his investigation was being impeded, would you blame him for making a complaint?

Mr. O'DWYER. Now you are assuming. You are switching the thing around.

Mr. HALLEY. It is necessary in order to meet the new point you make. I think it is a fair question.

Mr. O'DWYER. You are assuming facts.

Mr. HALLEY. I am assuming a fact that you asserted. If you prefer for me not to assume it is correct, I will do that.

Mr. O'DWYER. What have I asserted?

Mr. HALLEY. You have asserted Mr. Helfand made this public.

Mr. O'DWYER. That is my recollection.

Mr. HALLEY. And my point is that if that is what he did, isn't that something you should have expected?

Mr. O'DWYER. Well, you started out complaining about me or the commissioner of investigations giving that—

Mr. HALLEY. Wasn't this something that discredited or had the effect of discrediting the Brooklyn investigation?

Mr. O'DWYER. Why do you abandon your first point, that we released the statement, and the releasing of the statement did interfere with the investigation in Brooklyn? Why do you abandon that now? Why can't we settle up?

Mr. HALLEY. We are not going to turn the tables, Mr. O'Dwyer. I have no desire, by pyrotechnics, to embarrass you, and I am sure you have none to embarrass me.

Mr. O'DWYER. None at all.

Mr. HALLEY. I did not abandon a position. My original position was that I had before me an editorial in which it said that you were trying to block the investigation by calling Dahut down to Sheils' office.

When we disposed of that point, we turned to the question of publicity given to it. The original point made was the fact that Dahut was called down for a quiz just because the two cops on his staff turned out to be sour.

Mr. O'DWYER. All right, that is what happened.

Mr. HALLEY. Mr. Yavner tells me they didn't turn out sour. They were given a department trial and sent back to work.

Do you remember that?

Mr. O'DWYER. I don't know what the result was.

Mr. HALLEY. Now, again, obviously, Mr. O'Dwyer, the purpose of this line of questions is not to hold you personally responsible for each and every thing that happened. The purpose is this: It is to ascertain whether the pattern which finally resulted in the investigation now going on in Brooklyn did not result from the complete fail-

ure of Bals and Murtagh and Wallander to come up with anything concrete as a result of their highly publicized investigations in 1946, and then, in the case of Murtagh, in 1947.

Mr. O'DWYER. Well, of course, Mr. Halley, if I would be permitted to make an observation on that, as long as you have 15,000,000 people that want to bet, and as long as you have got \$20,000,000, as your own report shows, changing hands through bets on horse races throughout the country, and as long as you have got wires, State lines, information sheets, racing sheets, and newspapers giving publicity, full publicity, giving full information to that 15,000,000, you have something that is not entirely local. You have got something that, in addition to being local, is national. And until we get help from the National Government in shutting off this kind of information, we are in trouble locally everywhere.

Mr. HALLEY. I think that is what this committee is trying to do.

Mr. O'DWYER. I would welcome that help and believe me, any mayor or any police commissioner that is on the level will welcome it.

Mr. HALLEY. Of course, when this committee started there were very few people who really believed, and may I quote you, that "we are in trouble everywhere until we get help from the National Government."

Mr. O'DWYER. That is correct, and this committee has done a marvelous job in bringing it home to the people.

Mr. HALLEY. Thank you.

Mr. O'DWYER. How widespread this is and what a terrific problem it is locally and will be until we get an appropriation of 25 or 50 million dollars with a standing committee to supervise this nationally.

Mr. HALLEY. But isn't the point that what this committee is here in New York to do is prove that "everywhere we are in trouble" includes New York City?

Mr. O'DWYER. Any city, any place where there are a lot of people. It is just an absolute nightmare to people that want to do a decent job. This committee has done for the first time, has put its finger on what happened and has shown that following the war this thing has spread to a point where the organization top sided so big that the use of these communication channels advertising numbers, all that information to encourage betting, even with States—I think 18 States actually say that betting is perfectly innocent and all right inside a race track, where there is big business done, in improving the breed of horses. There isn't a horse in it that could pull a baby carriage. Just a ridiculous suggestion.

And out of this, the best of administrations, in every city, in every place, are up against this ugly thing called—first of all, there is the betting and there are the bookmakers, and there is an empire, a national empire, as sure as you are born, growing and will get stronger if it isn't stopped; at the same time corruption among your city officials that you can't locate, you can't follow it through, all because we are just helpless.

It is true that this kind of a situation has local responsibility, but it is also a national responsibility, and you can't say that it is a local disgrace as long as we have to admit there is an organization set up for this thing on a national basis; it is a national disgrace.

Mr. HALLEY. Aren't there some things that could be done locally?

Mr. O'DWYER. Better; yes.

Mr. HALLEY. For instance, locally do you not think that we might have—and “we” includes me as a citizen of New York City—that had we known the facts we might have done something to keep Mr. Costello from having an influence on the executive committee of Tammany Hall?

Mr. O'DWYER. What Tammany does I will never predict.

Mr. HALLEY. Well, you fought them?

Mr. O'DWYER. I did.

Mr. HALLEY. In your public statements quite often, did you not?

Mr. O'DWYER. I fought them in many ways.

Mr. HALLEY. And yesterday when I asked you about their—I think your phrase was “pernicious, sinister influence,” you said it was something other than Costello. You said you just didn't know about Costello.

Mr. O'DWYER. There was more than Costello in it. He testified here last night for you, and he told you the list of people down the line that he knew that were good friends. What I said was that if you could get the leaders, if you could get a system whereby the leaders of the two parties, Republican and Democratic in this city, would be elected directly, as they are in Brooklyn, by senatorial districts, where you would have a more democratic selection, you could break that up in no time. But you will never get anything like that in this State.

Mr. HALLEY. What is that sinister influence in Tammany Hall? You, after all, should know more about it than any other man this committee can question.

Mr. O'DWYER. That isn't true. Now, you heard Costello last night talk about his friends, didn't you?

Mr. HALLEY. Well, he probably should know more about it than you, I will concede that.

Mr. O'DWYER. All right. Now, wait——

Mr. HALLEY. But you were prosecutor.

Mr. O'DWYER. In Brooklyn.

Mr. HALLEY. Of rackets all over the country.

Mr. O'DWYER. In Brooklyn, wherever the Brooklyn crowd did something wrong, all over the country.

Mr. HALLEY. And mayor?

Mr. O'DWYER. Yes.

Mr. HALLEY. And county judge and magistrate?

Mr. O'DWYER. And practically knew nobody.

Mr. HALLEY. The air of New York really flows through your veins, doesn't it? You are a New Yorker as much as anyone could be?

Mr. O'DWYER. That is a very poetic reference, but let's get back to facts.

Mr. HALLEY. Now, getting away from the poetry and down to earth——

Mr. O'DWYER. How many of the leaders did I know? How many of them do I know now?

Mr. HALLEY. What can you tell the committee, not regarding this as a question directed to your personal responsibility, but a question directed to your personal knowledge of the basis on which for 4 years you lambasted Tammany Hall, referred to a sinister influence, talked of getting rid of leaders and——

Mr. O'DWYER. Got rid of leaders.

Mr. HALLEY. I will end that question before it becomes a speech. What was the point of it all, Mr. O'Dwyer?

Mr. O'DWYER. The point of it all is that I like to see my party clean and strong. There are five counties, as you know, and in four of them you have no such thing as you have here in Manhattan. There is absolutely no complaint against the Bronx, Queens, Brooklyn, or Staten Island.

Mr. HALLEY. I am going to register a complaint against Brooklyn a little later. But referring to New York County——

Mr. O'DWYER. Yes.

Mr. HALLEY. What was unclear there?

Mr. O'DWYER. Well, you want from me an analysis of this county?

Mr. HALLEY. I want an analysis relating specifically to the question of if you have the answer to the relationship between organized criminals and politicians.

Mr. O'DWYER. Well now, you heard Costello testify here after I left the stand yesterday, didn't you? He told you the men that he knew, that he was very friendly with. I was never too sure whether he ran after them or whether they ran after him.

Mr. HALLEY. As chief executive of the city of New York, could you have obtained a copy of the minutes in the Aurelio proceedings?

Mr. O'DWYER. Oh, I remember that very well.

Mr. HALLEY. Did you ever read those minutes?

Mr. O'DWYER. I possibly read them in the newspapers.

Mr. HALLEY. Did you ever read the minutes themselves?

Mr. O'DWYER. No.

Mr. HALLEY. Did you ever send for, get a court order and read the grand jury testimony in the Aurelio case?

Mr. O'DWYER. No, I did not. That was one of the best-known things in the city, wasn't it? Everyone knew about it.

Mr. HALLEY. Well, you didn't know much about it last night, Mr. O'Dwyer.

Mr. O'DWYER. Who?

Mr. HALLEY. All you knew was, generally, that Aurelio had been sponsored by Costello.

Mr. O'DWYER. That is enough. What more do I need to know?

Mr. HALLEY. Wouldn't it have been helpful to you to have been able to answer from your knowledge, when I asked you whether you knew whether Costello had anything to do in making Kennedy leader of Tammany Hall?

Mr. O'DWYER. I know nothing about it.

Mr. HALLEY. But had you read the Aurelio minutes of either the proceedings before the referee or the grand jury minutes, you would have found out all about it.

Mr. O'DWYER. Kennedy wasn't the leader when I came in.

Mr. HALLEY. But many of the leaders were still running various districts of Tammany Hall.

Mr. O'DWYER. Maybe so.

Mr. HALLEY. And they were running Tammany Hall itself, as you know.

Mr. O'DWYER. Mr. Halley, a man that's elected to run the city of New York hasn't too much time for politics. Believe me, he hasn't much time for it.

Mr. HALLEY. I am not sure I really understand that.

Mr. O'DWYER. Yes; do you want me to repeat the answer?

By the time you take housing and schools and the subways and health and you watch your whole construction program go through of highways and the million and one problems, you are not going to sit down reading the minutes of something that happened 10 years ago. For what? For what purpose? To find out if Frank Costello knew leaders in Tammany Hall? I didn't need to read minutes for that. How foolish that would be. That suggestion—earnestly, I don't like to be curt about it, but that suggestion doesn't make sense. And some day, when you are mayor of New York, you will understand it much better than you do now.

Mr. HALLEY. Thank you very much, Mr. O'Dwyer. But I would like to rest on that problem and refrain from asking the next question. However, the next question is—

Mr. O'DWYER. Don't break your luck.

Mr. HALLEY. I hope it's not luck.

Mr. O'DWYER. Politics is bad luck.

Mr. HALLEY. We are trying to get facts here, and I hope that luck, and any other fortuitous element, isn't affecting the element of the testimony, because I seriously am trying to get the facts.

Mr. O'DWYER. Just proceed, and I will help you as far as I can.

Mr. HALLEY. Thank you. Now, last night it appeared to me that you were vague on any relationship between Costello and Tammany Hall and that you couldn't tell me what the sinister influence was in terms of Costello.

Mr. O'DWYER. Oh, I learned a lot that I didn't know when I listened in to Costello's testimony. I found out then a number of things that I didn't know before.

Mr. HALLEY. But you have for many years been assailing Tammany Hall.

Mr. O'DWYER. That's right.

Mr. HALLEY. What has been the basis of your statements?

Mr. O'DWYER. How would you like to go in—first of all, how would you like, when you were nominated, to have them take Frank Hogan, with his fine record as district attorney of this county, and toss him to one side for anyone? There was the first battle I had before the election at all, before the campaign. I forced Frank Hogan back on the ticket, as you know.

When I went in as mayor, I had the late Wayne Johnson, an excellent person; and Wayne not only managed my campaign but stayed on as a friend. And one of the things that I wanted him to do was to take care of patronage.

Now, patronage is something that the Senators will understand, and anyone that ever ran for public office, they will understand it.

Before I knew what was happening, I, a Democrat, had received from Tammany Hall a deputy commissioner of the water front who for 10 years was a registered Republican up in Westchester, with a wrong address down here in the city.

Also, I found another boy—and I am not saying a word against either one of the boys I am talking about; they were all right, as far as they went.

I found another man from Brooklyn, assigned to, or, rather, recommended by Tammany Hall to Wayne Johnson, who was appointed to a high position in the corporation counsel's office. I am not saying

that he didn't do a good job while he was there. But I am just pointing out that when Sampson and that crowd came down to me and they said, "A handful up there are controlling all the patronage for themselves, just two or three. They aren't giving us anything, and we're fighting in our districts to keep things alive," I listened to them and I said to Sampson, "How about getting rid of them?"

And he said, "It's impossible to do it, because they have themselves fortified with what is known as synthetic votes."

Well, I knew—that was in about June of 1946. I shut off all patronage at the time. I didn't talk to them about it.

And later on, when there was a vacancy in the supreme court that fall, I asked—naturally, as you know, for the supreme court over here the nominations are made by the county committees of the Bronx and Manhattan. I knew that they were waiting for that spot, and I did encourage and help in every way Sampson to go out and get as many members of the county committee as he could here; and he spoke to Ed Flynn in the Bronx, and they had their man all ready, and I took the man who was serving as deputy mayor in my office, Judge Tom Corcoran, and we ran him against them and won the nomination for Judge Corcoran. He was afterward elected.

Now, that followed with chasing Neal and Stand out, and Loughlin. And there came a time when Sampson, that year, I think was elected leader, and that's partially the answer.

MR. HALLEY. Well, isn't Costello mainly the answer, and wasn't it in your mind at that time?

MR. O'DWYER. Yes. But you can't take out of the picture the venal people that are leaders, some of the people in there who are venal, and they are no good either.

MR. HALLEY. Did you or did you not, during all the years you were attacking Tammany Hall, believe that Costello was at least a very dominating influence behind these venal figures?

MR. O'DWYER. Oh, how could I think otherwise after the Aurelio case.

MR. HALLEY. In fact, how could you think otherwise after the occasion on which you visited Costello's apartment and found the leader of Tammany Hall sitting there?

MR. O'DWYER. He was not the leader. You have got to be fair about that. He wasn't the leader when I came in. But let's not quibble about it. The whole general picture was that, and that's what I had in mind.

MR. HALLEY. The testimony of all the witnesses is that he was the leader.

MR. O'DWYER. You mean after I came in?

MR. HALLEY. No.

MR. O'DWYER. After I came in, he wasn't.

MR. HALLEY. No. I mean, when you came into Costello's apartment.

MR. O'DWYER. At that time he was; yes.

MR. HALLEY. It would seem to me that that would be something that you would never forget that you walked into Costello's apartment on some Army business, and who is there but the leader of Tammany Hall.

Mr. O'DWYER. I haven't forgotten it. I haven't forgotten it, and I didn't forget it.

Mr. HALLEY. It would seem to me that that would be the dominating thing in your thinking about this sinister influence in Tammany Hall.

Mr. O'DWYER. Mr. Halley, I have said it once, and I will say it again: Of course, it was one of the factors, one of the things I was talking about sinister influences. But there were many others.

Mr. HALLEY. But it was a very important factor, was it not?

Mr. O'DWYER. That's right; of course.

Senator O'CONOR. The committee will take a recess for 10 minutes. (A short recess was taken.)

Senator O'CONOR. The hearing will be resumed.

Senator TOBEY. I have a number of questions I wish to ask the witness. Mr. O'Dwyer, who selected assistant district attorneys to investigate or prosecute crimes against the State?

Mr. O'DWYER. Pardon, sir?

Senator TOBEY. I will repeat it gladly. Who selected the assistant district attorneys to investigate or prosecute crimes against the State?

Mr. O'DWYER. You mean when I was district attorney?

Senator TOBEY. Yes.

Mr. O'DWYER. I appointed assistant district attorneys.

Senator TOBEY. How many were there, sir?

Mr. O'DWYER. I don't recall, but I imagine there was upward of 20.

Senator TOBEY. About 20?

Mr. O'DWYER. Upward of 20.

Senator TOBEY. And who selected James J. Moran as chief clerk of the district attorney's office?

Mr. O'DWYER. I did, sir.

Senator TOBEY. You were responsible?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. In August 1939 was the Department of Investigation of the City of New York investigating the murder of one Panto and widespread rackets on the Brooklyn water front, involving six Camarda locals?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. Were these locals under the control of Albert Anastasia, Emil Camarda, Jask Parisi, and Anthony Romeo?

Mr. O'DWYER. My information, as I recall it at that time, Senator, was that Camarda—there were several heads of the unions, but the information we had was that Albert Anastasia ran the water front.

Senator TOBEY. He was the tops?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. Did you take office on January 1, 1940, as district attorney of Kings County?

Mr. O'DWYER. Oh, perhaps the date is a little wrong. I took office January 1, 1940, and was in the course of our investigation in 1940, when we ran into this condition.

Senator TOBEY. Yes. In February 1940 was John Harlen Amen appointed as special prosecutor to inquire into the corruption in Kings County?

Mr. O'DWYER. Yes, sir. He had been there for a year or more before I came into office.

Senator TOBEY. Was a subpoena served directing the production of the books and records of the Camarda unions?

Mr. O'DWYER. I would have to refer to the records. I know there was a question about the books of the Camarda unions.

Senator TOBEY. Did the supreme court direct the unions to produce their books and records?

Mr. O'DWYER. I think—I am relying on my memory now, that is 1940—I think Judge MacCrate did.

Senator TOBEY. Did you, the following day, as district attorney of Kings County, institute an investigation and assign 11 assistant district attorneys to conduct the investigation and examination of more than 100 witnesses?

Mr. O'DWYER. I assigned the chief investigator to get all the information I could regarding the murders that we were investigating, which brought us to the water front where we found the tracks of Anastasia.

Senator TOBEY. Yes. Did the Camarda unions bring in all their books and records?

Mr. O'DWYER. I don't recall what they brought in. I think—it is my recollection that they burned some of the records—had them burned long before.

Senator TOBEY. Well, in the examination of the more than 100 witnesses in this case, was it disclosed that Anastasia and Romeo and other gangsters had been stealing hundreds of thousands of dollars from the unions and had destroyed their original books and records?

Mr. O'DWYER. You couldn't arrive at any other conclusion.

Senator TOBEY. I beg your pardon?

Mr. O'DWYER. You couldn't arrive at any other conclusion.

Senator TOBEY. Now, did Chief Assistant District Attorney Joseph J. Hanley swear that 3 days after the start of his investigation that you, as district attorney, ordered him off the case and stopped him from continuing with it? Is that true?

Mr. O'DWYER. I don't know how long it was, but I know we had as much information as we needed at that time regarding extortion, but we were working feverishly on murder.

Senator TOBEY. And did you take him off the case then?

Mr. O'DWYER. I don't recall that I took him off the case, but I think at that time I thought the emphasis should be placed on preparing our murder cases first.

Senator TOBEY. He was taken off the case, as a matter of fact, was he not?

Mr. O'DWYER. He resigned from the office for a while.

Senator TOBEY. Did you receive the report from Assistant District Attorney Heffernan, who was in charge of the investigation under Hanley?

Mr. O'DWYER. I saw reports; yes.

Senator TOBEY. Heffernan testified that he had introduced no witnesses on June 3, 1940, and abandoned the investigation of the crimes arriving out of the water-front rackets. Now, question—

Mr. O'DWYER. He had no right to say he abandoned the investigation, because the investigation was not abandoned.

Senator TOBEY. All right. Did you tell Heffernan not to introduce any witnesses or prosecute any of the water-front criminals?

Mr. O'DWYER. For extortion?

Senator TOBEY. Yes.

Mr. O'DWYER. If I did, it was because I wanted the emphasis placed on the investigation of our murder cases.

Senator TOBEY. Did you receive reports from Heffernan and follow up those reports?

Mr. O'DWYER. On this particular case?

Senator TOBEY. Yes.

Mr. O'DWYER. I left the office in 1942, and there was plenty of time to go through with the extortion cases after we had completed our murder cases.

Senator TOBEY. Well, you were the real district attorney of Brooklyn, were you not?

Mr. O'DWYER. That's right, sir. I am the one that broke up Murder, Inc.

Senator TOBEY. I understand. I read that with great pleasure many years ago.

Who was responsible for following up these reports that Heffernan produced?

Mr. O'DWYER. Well, as I tried to explain to the Senator, we had a small staff, and there were certain murder cases that had to be completed.

Now, all of our investigations at that time had to be handled. You couldn't take care of every case that was in the office, so you took the important ones first, followed through with the murder cases, and then that left plenty of time, 2 or 3 years as I recall it, to go into the cases of extortion.

Senator TOBEY. Who authorized the institution of special proceedings before the grand juries?

Mr. O'DWYER. Oh, I suppose that was routine. And while I might not have direct knowledge of a given case, there were thousands of cases presented before the grand jury that I never heard of. Just they followed through in a routine manner.

Senator TOBEY. To be specific, didn't James J. Moran authorize the institution of the proceedings before the grand juries?

Mr. O'DWYER. That I would not know.

Senator TOBEY. Was he a lawyer?

Mr. O'DWYER. No.

Senator TOBEY. What happened to the trial sheet of the grand jury proceedings which disappeared from the district attorney's office when you were in charge?

Mr. O'DWYER. I don't know that any sheet did disappear.

Senator TOBEY. All right. On May 12, 1940 did you as district attorney obtain all of the files and testimony from said Prosecutor Amen, and the commissioner of investigation, city of New York, and take actual physical possession of same?

Mr. O'DWYER. I imagine that happened as a result of Judge MacCrate's order.

Senator TOBEY. Did your district attorney's office also take possession of the files of the commissioner of investigation of the city of New York?

Mr. O'DWYER. I don't recall.

Senator TOBEY. Do you know that more than 100 witnesses examined by your district attorney's office had their testimony taken down in shorthand?

Mr. O'DWYER. I am sure that happened; yes.

Senator TOBEY. And did you know that those notes were never transcribed by the stenographers?

Mr. O'DWYER. Up to when?

Senator TOBEY. Never transcribed. "Never" is a long word.

Mr. O'DWYER. Yes. But I left there in 1942, in June.

Senator TOBEY. But did you ever know that?

Mr. O'DWYER. I did not know it up to 1942, when I left to go into the Army.

Senator TOBEY. Did you know that your office placed all of these notes in the cellar of the office?

Mr. O'DWYER. I don't know where they put them. I am sure that they filed them.

Senator TOBEY. If they were put in the cellar, under whose order would that be done?

Mr. O'DWYER. I don't know. It wasn't done under mine.

Senator TOBEY. You never ordered it?

Mr. O'DWYER. That's right.

Senator TOBEY. Did you ever order it transcribed?

Mr. O'DWYER. I don't recall ordering it transcribed for the reason that I have already given. My attention was on murder cases while I was there.

Senator TOBEY. Did you ever look over the testimony?

Mr. O'DWYER. Of some witnesses, Senator?

Senator TOBEY. Yes. Amen investigation on this point.

Mr. O'DWYER. No; I don't recall that I did.

Senator TOBEY. Did you ever ask why the water-front racket prosecution was dropped?

Mr. O'DWYER. I didn't know it was dropped.

Senator TOBEY. You took over all these files on May 10, 1940, from Amen and commissioner of investigations of the city of New York?

Mr. O'DWYER. Yes.

Senator TOBEY. On May 15, 1940, did you order a discontinuance of the entire water-front rackets case?

Mr. O'DWYER. I did not order a discontinuance. I did think at that time that it was much better that we would concentrate on the murder cases, and when we were finished with them we would have plenty of time to go into any extortion cases.

Senator TOBEY. That was the sworn testimony of Assistant District Attorney Heffernan before the grand jury, for your information.

Did you or your office do anything about the information contained in the Amen files?

Mr. O'DWYER. I don't know what was in the Amen files. I don't recall what was there.

Senator TOBEY. Did you turn it over to any other assistant district attorney?

Mr. O'DWYER. I don't recall just exactly what happened. But I assume that it was—I assume that that was turned over to some assistant.

Senator TOBEY. Did you ever examine Emil Camarda?

Mr. O'DWYER. I remember speaking to him, but not to examine him. I think that examination was made by Mr. Hanley. But I am relying upon my memory. I don't recall.

Senator TOBEY. Were you informed that Panto was last seen in the company of Emil Camarda, Anthony Romeo, Gus Canavio, and thereafter was found murdered?

Mr. O'DWYER. I heard, and I think there was testimony—if there was, it is still there, as far as I know—that certain men were named who were seen with him at some meeting, or leaving some meeting, in Brooklyn. Where that was said, when it was said, I don't know.

Senator TOBEY. Did you ever examine Tony Romeo about this murder?

Mr. O'DWYER. I don't recall ever seeing him.

Senator TOBEY. Did you ever examine Gus Canavio?

Mr. O'DWYER. I don't recall the name.

Senator TOBEY. Did you ever present any of this evidence to the grand jury or order it presented?

Mr. O'DWYER. What kind of a case, Senator?

Senator TOBEY. In the murder of this gentleman.

Mr. O'DWYER. For your information, he was murdered in New Jersey. We had no jurisdiction over the murder. He was buried in New Jersey, and I found his body in New Jersey.

So, your not being a lawyer, Senator, you would have to understand that we had no jurisdiction over that murder.

Senator TOBEY. Of course, I realize that.

Now, I wanted to read to you, if I may, because a point was raised this morning by Mr. Halley about Mr. Bals who was, as you know, chief of that special executive group in the service. Mr. Halley is questioning Mr. Bals, and Mr. Halley said:

Now, you have no doubt, have you, that some of the top men in the police department were crooked?

And Mr. Bals said—

Well, I wouldn't like to make a statement like that. I would rather take it the other way.

Mr. HALLEY. How would you put it?

Mr. BALS. I would say that the majority of men in the police department are honest.

Mr. HALLEY. Oh, I would agree with that 100 percent.

Mr. BALS. You condemn the entire police department, I think, is a very unfair way of putting it.

Mr. HALLEY. We have no intention of doing anything like that. I certainly wouldn't want to have anything I say construed that way.

Mr. Halley then said:

I must say, and I have before me a statement which indicates that you believe some of the top brass in the police department are crooked.

Mr. BALS. That's right. Your investigations will bring that out—

and I assume that that is expert testimony coming from Mr. Bals.

Now, I would like to read, if I may, in view of the questions I asked you, from the presentment of the grand jury in Kings County on October 29, 1945, and I read, if you please:

It was testified that at this time, July 1940, and during the years 1940 and 1941, James J. Moran, chief clerk of the district attorney's office, who was not an assistant district attorney, nor even a member of the bar, authorized the institution of proceedings before grand juries by approval of the required grand jury trial sheet. Chief Clerk Moran asserted in his testimony that no case could go before the grand jury unless there was an approval in writing from someone in authority.

He testified that those authorized to grant this approval were District Attorney O'Dwyer, the chief district attorney, and he, Moran, as chief clerk.

The grand jury docket book, from which all reference to the water-front rackets grand jury proceedings emitted, was also under the control of Chief Clerk James Moran.

And, going on: On July 18, 1941, a letter of complaint addressed to District Attorney William O'Dwyer was sent by Peter Masi, a former associate of Peter Panto, and his successor as leader in the rank and file movement. It was received by the district attorney's office, and bears the official receipt stamp.

This complaint charged that the Brooklyn water-front rackets were still in existence. An excerpt of the letter reads, and I quote: "Men who have been connected with the racketeers on the water front for the past 20 years are still in key positions on the docks, and your name has been used,"—according to District Attorney William O'Dwyer, "to bulldoze the men into thinking that you supported their moves to maintain their control."

On the face of this letter, there is written in pencil the name "Moran," which is underlined. The evidence disclosed that this would be found in Heffernan's file, was unfounded. The complaint of Masi was never interrogated or was any action ever taken with regard thereto.

Heffernan testified that the Brooklyn water-front rackets investigation remained a closed case.

In April 1942, a police lieutenant received word that fugitives Anastasia and Romeo were contemplating a return to Brooklyn. He testified that he ascertained from the bureau of criminal investigation of the police department that "wanted notices"—wanted notices, being in quotation marks—were on file and that Anastasia and Romeo were wanted by the district attorney's office of Kings County in connection with homicide and extortion cases.

On May 12, 1942, this lieutenant effected the arrest of Romeo in Brooklyn, and immediately notified the bureau of criminal investigation.

The lieutenant testified that he was then informed that the Brooklyn district attorney's office "wanted notice" had been removed from the police files, and therefore Romeo was no longer wanted. Two weeks later Romeo, who had been charged by this arresting officer for vagrancy, was released by the Bay Ridge magistrate's court. Although then available under bail, Romeo at no time was questioned by the district attorney's office. Approximately 2 weeks after his release from custody in Brooklyn, Romeo's body was found in a river near Wilmington, Del. Fifteen days before Romeo's arrest, to wit, on May 4, 1942, the "wanted notices" for Romeo, Anastasia, Parisi, and other fugitives had been removed from the bureau of criminal investigation.

Police Sgt. Elwood J. Divers, in command of the detective squad assigned to the Brooklyn district attorney's office since February 1, 1942, testified that on May 4, 1942, he was the one who issued the written request to this police bureau for the removal of the "wanted notices" for the arrest of Albert Anastasia, Jack Parisi, Anthony Romeo, alias Tony Spring, and other fugitives.

Divers testified that it was upon such written request by him that these "wanted notices" were removed from the police files.

The removal of the "wanted notices" for Romeo, Parisi, Anastasia, and other fugitives from the bureau of criminal investigation on May 4, 1942, was on the direct order of Chief Clerk James J. Moran, according to the testimony of Sergeant Divers.

These "wanted notices" were not taken out on his "own accord," and that he, in fact, had no authority to do so.

So far as he knew, these men were all wanted for some murders by the Brooklyn district attorney's office up to the time he spoke to Moran.

He took them out "on Moran's statement"—a quotation from the evidence—"and it was Moran who told him to have them taken out."

Going on: He did not ask Moran on what authority he was pulling them out. Referring to Moran, the quotation is, "It was usual for me to go to him on police matters."

The general feeling in the office among the police was that Moran was practically the spokesman for the district attorney.

It was common procedure for him to take orders from Moran and that this was the existing procedure when Divers took over the police command.

Sometimes an assistant would give an order, and it would be countermanded by Moran, whose word was considered final.

The evidence further discloses that removal of the police wanted notice on Anastasia was in direct conflict with the written report and recommendation then on file in the office of the district attorney of Kings County.

The evidence also disclosed that the removal of the police wanted notice resulted in the loss of a potential witness against Albert Anastasia. Romeo, alias Spring, was in possession of valuable information concerning homicides in which Albert Anastasia, Jack Parisi, and other fugitives from justice were involved.

Any interrogation of Romeo, while he was in Brooklyn under bail, was thwarted by the removal of the notice that he was wanted by the Brooklyn district attorney's office. Any testimony from this source was ended when he was murdered some 2 weeks later.

That is taken, Mr. Chairman, from the county court, Kings County, the grand jury presentment on October 29, 1945, and is the sworn testimony of the witness before that.

Now, may I ask you a question about judgeships?

Mr. O'DWYER. May I make a suggestion at this time, sir?

Senator TOBEY. Yes.

Mr. O'DWYER. That presentment that you are reading from—and I am sure the Senator knows about it—was expunged from the record by a judge in that court, the senior judge of that court, Judge Taylor. And one of the reasons why it was expunged was because it was issued as a campaign document by the Republican candidate for district attorney that year. And you, sir more than anyone, will understand what political opponents will say about you. I will not repeat some of the things they said about you, Senator, last year. I will spare you that, and I won't even suggest it. I don't believe what they said about you.

Senator TOBEY. Well, my point is, Mr. Witness: What you are telling me is entirely news to me.

Mr. O'DWYER. All right.

Senator TOBEY. I secured this as a copy of the presentment made there. I knew nothing about this expunged from the record at all.

Mr. O'DWYER. It was expunged from the records without even my request, Senator.

Senator TOBEY. But then the question comes to my mind, sir: If it was expunged from the record, that is an ex post facto situation. The fact remains, does it not, that what I have read to you, which is the sworn testimony of important witnesses on these murder cases before the Kings County Grand Jury, does not detract from the truth of what they said under oath, does it?

Mr. O'DWYER. What you read to me, sir, was an editorial written by the candidate for district attorney that year, based upon whatever information was on the minutes.

Senator TOBEY. That wasn't in a speech by a candidate, sir. There it is right there.

Mr. O'DWYER. It was written by the district attorney, the same man whose statement I read to you yesterday—that 2 years later said he investigated my office from top to bottom, and he found nothing adversely affecting my integrity or intelligence.

Senator TOBEY. Well, I think the public and you and I, and anybody else can judge of the validity of this testimony and whether it was true or not. What happened afterward is entirely unknown to me. I never heard of it before.

Mr. O'DWYER. You are not reading testimony. You are reading an editorial on testimony.

Senator TOBEY. No; I beg your pardon. I am reading a summation of the testimony before the county court. And there is George J. Beldock, district attorney.

Mr. O'DWYER. That is exactly what you are reading—a summation of the testimony, where he took the parts here and there.

Senator TOBEY. And it is in quotes.

Mr. O'DWYER. Well, there are a few quotes in there, but it is a summation of testimony by a political candidate.

Senator TOBEY. Let me ask you this question, in all kindness: Do you think that statement I read to you is the truth?

Mr. O'DWYER. I certainly do not.

Senator TOBEY. Then you would accuse Mr. Beldock—and I don't even know who he is—of perjury?

Mr. O'DWYER. No. He is a judge of the supreme court. The judge who expunged the record said it was biased because of political motives.

Senator TOBEY. You mean you would accuse Mr. Beldock, and I don't even know who he is—

Mr. O'DWYER. He is a supreme court judge.

Senator TOBEY. Of perjury?

Mr. O'DWYER. No. The judge who expunged the record said that is biased because of political motives.

Senator TOBEY. Well, I will let the record stand as it is.

Now, may I ask you a few questions?

Mr. O'DWYER. I think the record ought to show that it was expunged by Judge Taylor.

Senator TOBEY. His statement shows that.

The CHAIRMAN. I think the record should also show that Mr. Halley has here the actual testimony of witnesses.

Mr. O'DWYER. All right, sir.

The CHAIRMAN. And I do not think that Mr. O'Dwyer wants to say there was anything in this report that wasn't actually testified to by live and sworn witnesses in the grand jury proceeding, and also that Mr. O'Dwyer himself and Mr. Moran had a full opportunity of testifying before this grand jury of 15 or 18 people.

Mr. O'DWYER. That is true, but when it comes to evaluating or estimating the veracity of a witness before the grand jury, I am certainly not going to accept it as gospel truth because somebody swore to a thing.

Mr. HALLEY. Mr. Chairman, without getting into this line of testimony at this point, Mr. O'Dwyer, I do think it would be negligent of me not to point out the following to you right now: In the second presentment—you will recall there was one presentment, I believe, in October of 1945 before election.

Mr. O'DWYER. Just before election. I would like that in the record.

Mr. HALLEY. Then some time in November and December, after election, you did appear before the grand jury?

Mr. O'DWYER. That's right.

Mr. HALLEY. The additional grand jury for September for Kings County?

Mr. O'DWYER. That is right.

Mr. HALLEY. And you were questioned at some length?

Mr. O'DWYER. I was.

Mr. HALLEY. And then a second presentment came down?

Mr. O'DWYER. Yes.

Mr. HALLEY. That's right on December 20, 1945.

Mr. O'DWYER. That's right.

Mr. HALLEY. The second presentment was after election; is that right?

Mr. O'DWYER. Yes; but the passion and the complaints before election left nothing for the district attorney to do but to continue for the next 2 months and come out with another presentment, and Judge Taylor saw the unfairness of it, the character assassination of it, he saw what this kind of a presentment meant, and without my request or anyone in my behalf requesting it, he expunged both of them from the record.

Mr. HALLEY. May I read from the second presentment? Senator Tobey. I believe you have been reading from presentment No. 4. On pages 3 and 4 of the second presentment there is the following language:

William O'Dwyer testified.

By the grand jury—

and not by the district attorney, apparently—

By the grand jury:

Q. You have heard the evidence, Mr. O'Dwyer, which we have heard and known for many weeks and which was the basis for our presentment?

A. Yes.

Q. Now, will you agree with us that we were right in handing up the presentment?

A. Yes; I agree that the presentment was fully justified and I will say so at any time.

Mr. O'DWYER. That's right. I never found fault yet with a grand jury, because they are just putty in the hands of the district attorney. He will feed them what he wants to, just as he will write editorials and conclusions. I find no fault with 20, 21 lay people who come into a grand jury room and they are completely fed by the district attorney, whatever he wants to give them.

Senator TOBEY. Well, Mr. District Attorney—pardon me, Ambassador—isn't it a fact that under the law the grand jury is almost supreme in its powers? It can even order the district attorney out of the room; it can separate the wheat from the chaff, in their judgment; it can institute its own prosecution, questions, and examination, and make conclusions without any district attorney? Isn't that correct?

Mr. O'DWYER. I will agree with that statement of the law, sir, but I will say it did not apply to this case, because they didn't do that.

The CHAIRMAN. Mr. Ambassador, I really can't see what you are talking about here. You were talking about the presentment before the election. The question was now:

You would agree with us that we were right in handing up the presentment?

And the answer was:

Yes; I agree that the presentment was fully justified.

Mr. O'DWYER. By what they got.

The CHAIRMAN (reading):

And I will say so at any time.

Well, that means that what Senator Tobey has been reading from, as I understand it, that you felt was fully justified, that was the presentment.

Mr. O'DWYER. Oh, no; just on the basis of what they heard. What my—

The CHAIRMAN. That wasn't what you said. You said the presentment was fully justified.

Mr. O'DWYER. On the basis of what was said to them.

The CHAIRMAN. That wasn't what you said here.

Mr. O'DWYER. Well, no. Justified on what? After all, Senator, we have the advantage of being both lawyers. When I spoke about what the grand jury did, it was only contemplating, of course, what was given to them, what was presented. That is all that I meant.

Senator TOBEY. I want to go into a brief examination about the judge situation here. You mentioned Judge Aurelio this morning, and there was an editorial in a recent paper—I think it was the New York Sunday Times, on the Aurelio appointment, and I never heard about it before.

I ask you, sir, what part did Mr. Costello have, if any, in Mr. Aurelio's appointment as a judge?

Mr. O'DWYER. I was in the Army at the time and can only talk from very scant information, but I think it would have nothing to do with me, in any event, or with Mayor LaGuardia, who was the mayor at that time.

That is a matter for the two major parties of the Bronx and Manhattan, in which they nominate their candidates for that, for the supreme court. They take in the two counties.

Senator TOBEY. Well, from what you learned and heard, is it your judgment that Mr. Costello was a factor in the appointment of Judge Aurelio?

Mr. O'DWYER. Yes.

Senator TOBEY. Going on a little bit into this same situation, there was a Judge Loscalzo, whom you appointed, I believe?

Mr. O'DWYER. Yes.

Senator TOBEY. And did Mr. Costello have any part in that?

Mr. O'DWYER. Nothing whatsoever.

Senator TOBEY. Nothing whatsoever?

Mr. O'DWYER. Mr. Loscalzo was the assistant chief prosecutor. He was the first assistant in Queens for years and years, and he was highly approved by the Bar Association of Queens County.

Senator TOBEY. I am sure of that. I was just wondering whether you knew whether Costello put his touch on it.

Mr. O'DWYER. I did not.

Senator TOBEY. Then there was Judge DeFalco. I have been credibly informed that a Gene Pope, who is now dead, was a factor in arranging for his appointment.

Mr. O'DWYER. That I don't know anything about.

Senator TOBEY. Let me ask you a question. Assuming that the judgeships, the judiciary of this country, whether it is of the State or the Nation, the people look at it as the last reserve of the people and as the strength and resource of the Nation—and I agree with that.

Mr. O'DWYER. Yes.

Senator TOBEY. And if you develop that a man like Aurelio—and I don't know anything about the man—was appointed, and a man named Costello, who is a noted gangster, had interfered to effect that appointment; and assuming that that becomes known across the country—through these hearings, at least—don't you see that across this country comes in an apprehension and a fear about these things, and the people say, "What shall we do? Is the judiciary influenced by Costello,

whose name is a reproach?" I ask you, isn't it a tragic thing that a man like that does not keep his dirty fingers off?

Mr. O'DWYER. Absolutely.

Senator TOBEY. Well, what is the condition in New York—and I say this in all kindness—that would even allow Costello to have an influence or to put his touch on this? What have we come to when a man like that can do a thing like that?

Mr. O'DWYER. When I came into office in 1946, that is how I broke the leadership at that time. I took a clean man, Tom Corcoran, my deputy mayor, and I organized with Sampson enough delegates at the convention, following Sampson with the Bronx, and we ran them right out.

Senator TOBEY. Again we refer to Mr. Costello and the touches of his fingers or his influence on Aurelio's appointment, and as you go back in memory—and you have had a wonderful experience in your life: Growing up from policeman to chief magistrate and to Ambassador—and you have heard lots of things in your time and talked to many people.

Do you know of your own knowledge any other instance where this man Costello had applied influence on a judgeship or any other appointment, or used his influence in political matters in this district of New York or in Brooklyn?

Mr. O'DWYER. Well, some judges are appointed by the mayor: magistrates, special sessions, and vacancies to the municipal court. In that field, I know that he had nothing at all to do with it. That I know.

What he did or what conniving they had among themselves around town, I wouldn't know. I would be suspicious, but I would not be able to give you any definite information. That is as much as I know about it.

Senator TOBEY. I don't know whether it is true, and I am asking you this question. Perhaps you can confirm it. If you can't, all right——

Mr. O'DWYER. Well, it happened in the Aurelio case, and how can we eliminate that experience?

Senator TOBEY. Well, the amazing thing to me is—and, as I say, I am not a lawyer—that if it is a given fact, as it apparently is, that Costello put his dirty fingers into this mess and used his influence to force this man to become a judge, why somebody—the Governor or somebody didn't impeach Aurelio and say, "Unclean, unclean," and tag him for having had this dirty touch in his appointment—why, why——

Mr. O'DWYER. Because, as I recall it, all of this came out before election, and despite the fact that all of it came out before election, he was elected.

Senator TOBEY. But even though he was elected, wouldn't it be possible to impeach him if it was shown that a noted gangster was behind his appointment?

Mr. O'DWYER. I wouldn't pass on that. I don't know if you could impeach him when the information was before the electorate.

Senator TOBEY. So that it is a sad indictment of the electorate, isn't it?

Mr. O'DWYER. It couldn't happen too often.

Senator TOBEY. Once is too often.

Now, did Judge Aurelio—and I am mentioning this in the form of a question—after he was elected, did he write a letter of gratitude to Mr. Costello for his efforts in his behalf?

Mr. O'DWYER. No, it was a telephone call, I believe.

Senator TOBEY. A telephone call?

Mr. O'DWYER. Yes, I think so.

Senator TOBEY. Do you know what he said in that telephone call? It is a historic statement, and it ought to be put down for 50 years.

Mr. O'DWYER. No. The district attorney has it.

Senator TOBEY. Do you know what he said?

Mr. O'DWYER. No, the district attorney has it.

Senator TOBEY. Shakespeare said, "Gratitude is the expectation of favors yet to come."

Now, just one question more—and I thank you for your courtesy. Do you know, Mr. O'Dwyer, a man named O. Coran? He was formerly interested in a garage at Two-hundred and Thirty-second Street and Locust, here in New York?

Mr. O'DWYER. Never heard of him.

Senator TOBEY. Thank you. That is all.

Senator O'CONNOR. I have just one or two questions along the same line, Mr. O'Dwyer.

Certainly, from your response to Senator Tobey's description of Frank Costello, you would include him as one of the sinister influences?

Mr. O'DWYER. That's right.

Senator O'CONNOR. In other words, in referring, as you previously did, to the fact that there were sinister influences in and of Tammany, he would be one?

Mr. O'DWYER. As long as you include a lot of other sinister influences.

Senator O'CONNOR. Exactly. I did not mean that he was the only one. But he is one; is that right?

Mr. O'DWYER. That's right.

Senator O'CONNOR. Now, in connection with the word that came through the complaint concerning the contract at Wright Field, I did understand you yesterday to make several references to the fact that in addition to the letter which had been received, according to Mr. Moran, at the district attorney's office, there were rumors. You mentioned rumors several times, I think.

Mr. O'DWYER. That's right.

Senator O'CONNOR. Just what were those rumors?

Mr. O'DWYER. Well, as you went around, you heard that, first of all, things weren't right in Wright Field. Then you hear that there are top-flight underworld people getting contracts, getting favored contracts and getting more money for their contracts than they ought to get, and general talk.

You got it all the way from Baltimore to Boston, wherever you have that concentration of clothing work. Nothing specific, but just enough to make you think that you ought to get into it and find out about it.

Senator O'CONNOR. Did those rumors mention or include Frank Costello?

Mr. O'DWYER. There was a time when I got rumors that Costello and Baker had some business in Wright Field.

Senator O'CONNOR. Now, that is what I was leading up to, to ask you specifically about Baker. Did you have any inquiry made to ascertain just the standing of Baker and his reputation and reliability?

Mr. O'DWYER. Barred him from Wright Field.

Senator O'CONOR. Was that before you went to see Costello?

Mr. O'DWYER. No, that was about 3 months later.

Senator O'CONOR. The reason I ask you is that we have here the record of Baker, also known as Harris, and of Zucker and Lewis and Tucker, and apparently with a record extending from 1906 to 1936, which I have roughly counted as 24 entries, including burglary, robbery, abduction and pickpocketing, and other things—now, with that, did you ascertain any of those facts?

Mr. O'DWYER. No, I turned that over to the investigator by the investigators of the local district.

Senator O'CONOR. But you really went to see Costello at his home primarily because of the Baker incident?

Mr. O'DWYER. Because of the rumors, because of the letter, which did include the Baker incident.

Senator O'CONOR. And then, according to your previous testimony, though, as soon as Costello disclaimed any connection with it, you let it drop there?

Mr. O'DWYER. I let it drop until such time as we got an actual case and made a full and complete investigation. That came 6 weeks later or 2 months later, when we got the name of this man in New Jersey—

Mr. HALLEY. Taylor?

Mr. O'DWYER. No. Taylor was a partner. He was—

Mr. HALLEY. Rockmore?

Mr. O'DWYER. Rockmore. When we got his statement, we had something to work with.

Senator O'CONOR. The next question is a very important one, and it is one which, in the light of all that has transpired, I would ask you to consider.

Do you not feel that with the prior knowledge you had of Costello and of the terrible influence that he has been, that he was and that he is, and in connection with this matter to which you have referred, which you have related, in connection with Baker, do you not think that it was unfortunate for you to have gone and visited his home?

Mr. O'DWYER. It was very fortunate for the Army, but it was very unfortunate politically—but it was very fortunate for the work I was assigned to do.

Senator O'CONOR. Mr. O'Dwyer, don't you think that the same results for the Army could have been obtained by handling it without your having gone to his home?

Mr. O'DWYER. I certainly do not, not because of the assignment I had. I was held responsible for a general condition, and I went out, Senator, and did that in the most direct way that I could.

Senator O'CONOR. You don't think that it could have been done by having Costello come to you?

Mr. O'DWYER. I do not.

Senator O'CONOR. Was it for privacy's sake?

Mr. O'DWYER. It was a question of my authority. I was not a district attorney with a fistful of subpoenas then. I was just a little major in the Army, or maybe a lieutenant colonel.

Senator O'CONOR. But, of course, you had no reason to know that you could not see him under other circumstances?

Mr. O'DWYER. I didn't waste too much time about it, and certainly I was not apologizing for going to see him on that mission—and I am

not apologizing now for going to see him on that mission. If it happened today, I would do the same thing, unquestionably, under the same circumstances.

Senator O'CONOR. Well, even though you do not deny that you could have gotten the same results in another way?

Mr. O'DWYER. I certainly deny that I could get them as direct as I got them.

Senator O'CONOR. Now, I think it might be important to read this telegram in the record. It is a telegram to Senator Kefauver, and it was just received, and rather than read it after you had left and not afford you an opportunity to comment on it, it might be in order to read it just now.

It is addressed to Senator Estes Kefauver, and it is from New York. It is as follows—by the way, so that you can understand the purport of it, the name signed to it is L. J. Rockmore, president, Waver Shoe Trimming Co., 808 Broadway, New York 3.

The text of the communication is as follows:

Read Ambassador O'Dwyer's statement reference Waver Shoe and conversation Mr. Rockmore completely erroneous. Never had factory in New Jersey. Our factory New York City fully equipped and in midst of two large Air Corps contracts during this time referred to. Manufacturer in New Jersey mentioned who was barred from Wright Field was I. Spiewak.

(Consultation.)

Mr. O'DWYER. That's right.

Senator O'CONOR. That is spelled here S-p-i-e-w-a-k.

Mr. O'DWYER. That telegram is correct.

Senator O'CONOR (reading):

& Son, whose contract was canceled and we were manufacturing shearling helmets for the Air Corps at this time. Request opportunity to have record corrected to conform to facts and retraction made.

Mr. O'DWYER. I would like to retract that now. I just took the name from Mr. Halley and thought he investigated it.

The man wasn't Rockmore. It was Spiewak.

Senator O'CONOR. Is that spelled—

Mr. O'DWYER. There is a record of this.

Mr. HALLEY. I have the record right here.

Mr. O'DWYER. Have you got it? Mr. Glynn made it, I think.

Senator O'CONOR. Any further questions?

Senator HUNT. Mr. Ambassador?

Mr. O'DWYER. Yes, sir.

Senator HUNT. Did you know of, or did you have anything to do with, or did you direct two investigators to go into New Hampshire some 2 weeks ago to look into contributions and expenditures on behalf of Senator Tobey in the recent senatorial campaign?

Mr. O'DWYER. I did not.

Senator HUNT. You knew nothing of it?

Mr. O'DWYER. No.

Senator HUNT. Did you receive any reports from anybody with reference to it?

Mr. O'DWYER. No; I have received—I have received some communications.

Senator HUNT. Were they solicited?

Mr. O'DWYER. I didn't solicit them. I didn't know they were there.

Senator HUNT. Who were the gentlemen that supplied you with this information? Was it a Mr. Loeb or a Mr. Powell?

Mr. O'DWYER. No; it was a Mr. Selden.

Senator HUNT. Who is Mr. Selden?

Mr. O'DWYER. I don't know. I will be very happy to straighten out the Senators on it. I have it in my pocket and I will show it only to Senator Tobey, and I certainly do not want to use it in any way, shape or form, but I have it here. If Senator Tobey wants to look at it, I will be glad to show it to him, though, or later, what I have in my pocket, and I assume that Senator Tobey knows what I have got.

Senator TOBEY. Is there anything in what you have in your pocket that reflects on my integrity, or character, or forthrightness?

Mr. O'DWYER. Nothing that anybody else running for office wouldn't admit to very gladly, sir.

The CHAIRMAN. It occurs to me that if Mr. O'Dwyer has something he thinks is wrong about Senator Tobey, he should show it to us.

Mr. O'DWYER. I do not, sir, I certainly do not think that of Senator Tobey.

The CHAIRMAN. Because certainly anybody that I know of that knows Senator Tobey, and that certainly speaks for me, has the greatest confidence in his integrity and his honesty, his forthrightness, and his fearlessness.

Mr. O'DWYER. I have had the honor to speak from the same platform with the Senator and have a high respect for him.

The CHAIRMAN. I wanted you yesterday, when the matter was brought out, but I thought it was in rather poor grace to try to divert the subject to bring up something about Senator Tobey.

Mr. O'DWYER. Well, we had a discussion, Senator, that arose out of the context, just a simple one, an exchange.

Senator O'CONNOR. Well, we are off on a tangent, and possibly we can get back to the main track just by making this comment: As was indicated, if there is anything bearing upon any election contest, of course, this is not the committee to consider it, and there is in existence a committee which is, of course, formed for that purpose. However, rather than have any inference drawn that any member of the committee is not willing either to have any information brought before this committee about him or about anybody else, I can only say that what Senator Kefauver has said as to our high estimate of Senator Tobey is subscribed to by the other members of the committee.

Now we will go back to the other subject.

Senator TOBEY. One more question, Mr. Chairman. May I ask Mr. O'Dwyer one more question?

When you went to this meeting which has been mentioned here to Mr. Costello's home about the Bakers, when you went as an Army officer, as I understand the testimony, there were present there, you found there, certain men as Mr. Stand, and Mr. Kennedy, and Mr. Judge Savarese—and was Irving Sherman there?

Mr. O'DWYER. I believe he was.

Senator TOBEY. Irving Sherman, and you yourself, and Mr. Moran?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. You went there to see him about this Army contract, about Mr. Baker?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. Weren't you a little surprised to see these leading and professional politicians there, too?

Mr. O'DWYER. I was asked the question today, would I ever forget it, and the answer is, I never will.

Senator TOBEY. Then would you put it this way: Would you agree with me that this is a very striking instance and relation and bit of testimony about the interest of this man Costello on political affairs in New York as evidenced by the presence in his house of these men, who were tops in the political affairs? Is that a fair deduction?

Mr. O'DWYER. I certainly couldn't say he was a stranger to them, when he had a county leader there. He was no stranger to him.

Senator TOBEY. A funny think what magnetism that man had. How can you analyze it? You look him over, you wouldn't mark him except pretty near minus zero. But what is there? What is the attraction? What has he got? What kind of appeal does he have? What is it?

Mr. O'DWYER. It doesn't matter whether it is a banker, a businessman, or a gangster, his pocketbook is always attractive.

Senator TOBEY. I quite agree, and that is a sad commentary, isn't it, on modern life today?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. Because you see, Mr. O'Dwyer—and I think you will agree with me beyond question—the tragic part of all this is the profound indolence of more than 150 million people who, sad to relate, have begun to lose faith in their agents of government and the agencies of government and they begin to feel that we who are in government don't give a damn about them excepting to get their votes at election time. When that comes into the souls of men and women across America, it is a danger signal, because their faith goes down and it takes a long while to restore that faith in people in democracy.

Mr. O'DWYER. That's right.

Senator TOBEY. So these leaders who are culpable, these leaders who are protagonists for these special interests and are responsible for their protection, and as I said yesterday, I wish we might revive the old habit of the Romans of ostracism and make them taboo among decent people. It is a tragic time. Do you agree with me?

Mr. O'DWYER. Well, if you send them somewhere else, they will do just as much harm there. There isn't much room in the world now for ostracizing them. You better just keep them here, watch them, and tie them up.

Senator TOBEY. Well, I think there is plenty of room out in Nevada, just about the same time, in juxtaposition, when they explode the atomic bombs out there.

Senator O'CONOR. Mr. Halley.

Mr. HALLEY. Perhaps the best place to resume would be to try to straighten out the Joe Baker matter.

I have here the report of the War Department. It may be that there are more than one report.

The one we have here doesn't refer in any way to any visit that you had with Costello.

Mr. O'DWYER. It wouldn't.

Mr. HALLEY. Why would it not?

Mr. O'DWYER. Because this was a separate, distinct complaint.

This was an absolutely straight complaint. And it involved just two men.

Mr. HALLEY. Who did it involve?

Mr. O'DWYER. Till and Baker. If you read there, you will see that it involves those two men only.

Mr. HALLEY. Wouldn't the relationship of Till and Baker with Costello be an important factor that we should pass on to the people who were going to make the investigation?

Mr. O'DWYER. I certainly would not think that if you were going to make an investigation of a straight complaint that it had any part in it.

And what difference did it make, Mr. Halley? Look at the result. You barred both of them from Wright Field as a result of the investigation.

Mr. HALLEY. The funny thing is that you didn't.

Mr. O'DWYER. Didn't what?

Mr. HALLEY. Didn't bar both of them from Wright Field.

Mr. O'DWYER. Well, we did.

Mr. HALLEY. But the report of August 10, 1945, entitled "Memorandum for Lt. Col. E. F. Cavanagh, Jr. Subject: Waver Shoe Trimming Co., Inc. Rudolph W. Till, Joseph T. Baker." Signed by S. Sgt. T. J. Madden. His initials, T. J. M. And stamped all over "Confidential"; says:

Item 1. Pursuant to your request, the undersigned checked the files of this office relative above subject.

2. Randolph W. Till was placed on confidential unapproved list under date of 8th May 1943.

In the Army they say "8th May" instead of "May 8th."

His name was removed from this list on 1st September 1943. And on 2nd September 1943 he was placed on the individual debarred list. The effect of inclusion of Till's name on the latter list was to prevent his entrance to Wright Field and the various district offices. His name remains on said list to date.

3. Waver Shoe Trimming Co., Inc., was placed on the confidential unapproved list under date of 24th March 1943, and remains on said list today.

4. Joseph T. Baker has never been on any of the various lists prepared by this command.

And then he goes on, "5" to suggest the follow-up, including a follow-up with relation to Baker; and points out that Baker has a long criminal record of arrests and convictions.

Mr. O'DWYER. What date was that report?

Mr. HALLEY. This was just after the war ended, August 10, 1945.

Mr. O'DWYER. Now the question is, was Waver Shoe, Baker and Till barred from Wright Field in the month of June, after I submitted the memorandum.

Mr. HALLEY. Well, it says here—and maybe the staff sergeant didn't do the work right—but it says here:

"Joseph T. Baker has never been on any of the various lists prepared by this command—" and I should think that would be the Air Material Command.

Mr. O'DWYER. Where it would belong.

Mr. HALLEY. And we have discussed this Air Material Command time and again.

Mr. O'DWYER. And you and I have had many arguments over that one.

But, Mr. Halley, my responsibility ended when I turned the whole thing over to the procurement district of this area.

Mr. HALLEY. Well, did it? Now, I have here in this file also the basic memorandum on the matter, in which an unidentified working-man in the material command—no, I guess it would be page 1—a report by M. F. Glenn, senior investigator.

Mr. O'DWYER. My man Glenn was the man who made the investigation.

Mr. HALLEY. All right. Now, Michael Glenn did, in his report, point out the following:

Baker is a well-known gambler and racketeer, and in addition to being an associate of Randolph W. Till, he is also closely associated with Frank Costello, New York City, George Huffner, George Sherman, and a man named Adam, all of New York City, well-known gamblers and racketeers. Costello, Huffner, and Sherman have criminal records.

He goes on about Baker. But the point is that some way he found out about Baker. But he starts his memorandum with a letter from you, and in that letter from you, saying,

It would be well if this investigation would be concluded at an early date so that we may take steps to have Till, Baker, and company barred from Wright Field—

You did say that?

Mr. O'DWYER. Of course.

Mr. HALLEY. But nowhere in your letter do you mention that you talked to Frank Costello about him.

Mr. O'DWYER. There was no reason in that case, because we had an actual complaint.

Mr. HALLEY. Nor do you give him the benefit of the fact that you closely associated with Irving Sherman, who was supposed to be your man for information.

Mr. O'DWYER. What does that have to do with it?

Mr. HALLEY. Well, Irving Sherman was the man who certainly knew—and you told us yesterday that Sherman must have known that Baker knew Costello, and must have known all about Baker.

Mr. O'DWYER. Why quibble?

Mr. HALLEY. Don't quibble. Read your memorandum.

Mr. O'DWYER. No. You read it to me.

Mr. HALLEY. No; it's much longer. Perhaps you will get an idea.

Mr. O'DWYER. I will settle on what you read.

Mr. HALLEY. There are three or four paragraphs.

Mr. O'DWYER. Was it hidden in that report? Was there anything in that report that would indicate that there was an attempt to hide the fact that Baker was a friend of Costello's? It's stated flatly in there.

Mr. HALLEY. No; it says that in Glenn's report.

Mr. O'DWYER. In Glenn's report.

Mr. HALLEY. But nowhere in your report, Mr. O'Dwyer.

Mr. O'DWYER. Oh, well, now you are quibbling.

Mr. HALLEY. I don't think I am quibbling.

Mr. O'DWYER. If it wasn't in Glenn's report, you would have a good right to ask; but I spoke very freely about that around the office. They knew that he was a friend of Costello's before they began the investigation.

Mr. HALLEY. Now, your testimony yesterday was, when you checked with Costello, he said he just didn't know whether his Baker was this same Baker or not.

Mr. O'DWYER. I didn't say anything—

Mr. HALLEY. And that you got no information from Costello of value.

Mr. O'DWYER. I didn't say anything of the kind.

Mr. HALLEY. I certainly think you did.

Mr. O'DWYER. I said that what he said—he said he knew a Joe Baker but he did not know his business, and he was a good friend of his.

Mr. HALLEY. Therefore, you had no reason—and it was perfectly clear yesterday—to assume that Costello's Joe Baker was this Joe Baker, and you let the matter drop.

Mr. O'DWYER. It's funny how you emphasize that point, and you don't emphasize the fact that I drove him out of Wright Field.

Mr. HALLEY. In the first place, he never was driven out of Wright Field, according to the official document of the Air Corps.

Mr. O'DWYER. I wouldn't understand how the Air Corps would get rid of Till, who was a lawyer, and did not get rid of Baker.

Mr. HALLEY. That's something I don't understand, either.

Mr. O'DWYER. I don't understand it.

Mr. HALLEY. Maybe Baker had good friends somewhere.

Mr. O'DWYER. If he did, it wasn't me.

Mr. HALLEY. Now, you never did actually prepare a memorandum; did you, describing your meeting with Costello?

Mr. O'DWYER. I never prepared a memorandum of that kind while I was in the Air Corps.

Mr. HALLEY. And did you ever prepare a memorandum utilizing information obtained from Irving Sherman with relation to Joseph Baker?

Mr. O'DWYER. No. I passed it on just as soon as I got it.

Mr. HALLEY. To whom did you pass it on?

Mr. O'DWYER. In whatever district it occurred, whatever procurement—

Mr. HALLEY. Are you referring now specifically to information concerning Joe Baker that you obtained from Irving Sherman?

Mr. O'DWYER. No, no; I didn't get any information from Sherman on Joe Baker, outside of the fact that he knew him.

Mr. HALLEY. There is another point that also comes up, and that is this: Were you in the United States during 1943?

Mr. O'DWYER. Certainly. That's when I met you on the Lockland, Ohio, investigation.

Mr. HALLEY. Thank you; that's right.

Mr. O'DWYER. The old R-2600 engine problem.

Mr. HALLEY. And did you vote in New York City in 1943?

Mr. O'DWYER. I don't recall.

Mr. HALLEY. Were you in New York City from time to time during the Aurelio proceedings?

Mr. O'DWYER. I imagine so; yes.

Mr. HALLEY. Didn't you ever feel any civic duty to publicly state that you had on official business gone to the home of Frank Costello and there saw Michael Kennedy, the leader of Tammany Hall?

Mr. O'DWYER. Never found occasion for saying it; no.

Mr. HALLEY. In all the years that you talked about the sinister influence of Tammany Hall, you never found occasion to say that you, with your own eyes, had seen the leader of Tammany in Costello's home?

Mr. O'DWYER. Aren't you standing on your head?

Mr. HALLEY. I don't think I am.

Mr. O'DWYER. I certainly think you are, because you are talking about the time I made these statements from 1946 on.

Mr. HALLEY. I am talking about two separate times, and both of them are perfectly good times to talk about.

Mr. O'DWYER. You have the minutes of a grand jury right there before you, where I testified to that in Brooklyn, before election.

Mr. HALLEY. You didn't volunteer it. You were asked it.

Mr. O'DWYER. Pardon?

Mr. HALLEY. You didn't say, "Now, the first thing I want to do is to tell you fellows I know Costello." You were asked if you had ever been in his apartment; and then, as you did here, you answered that you had.

Mr. O'DWYER. If that isn't side-stepping, I don't know what is.

Mr. HALLEY. I don't think it is side-stepping.

Mr. O'DWYER. You wouldn't do that in a court.

Mr. HALLEY. I certainly would do just what I am doing in a court.

Mr. O'DWYER. You would be overruled.

Mr. HALLEY. I don't hear myself being overruled here, so I will again, before this committee, which, as you well know, is proper for a Senate committee, which is attempting to get information for the public on the relationship between crime and politics, ask you again why you did not make a public statement condemning Tammany Hall and stating that you saw the leader of Tammany Hall in Costello's apartment when you were there on official business.

Mr. O'DWYER. You mean why I didn't come out of Costello's house and rush to the newspapers?

Mr. HALLEY. No; at some appropriate time that might have come up in 1943 or 1946, or any other year.

Mr. O'DWYER. While I was in the Army, I certainly didn't have any occasion for that.

Mr. HALLEY. And after you got out of the Army?

Mr. O'DWYER. After I got out of the Army there wasn't much of an occasion, either.

Mr. HALLEY. Do you know John P. Crane?

Mr. O'DWYER. I do.

Mr. HALLEY. Head of the Uniformed Firemen's Association?

Mr. O'DWYER. He was, when I left New York.

Mr. HALLEY. And did you from time to time have occasion to be visited by him in connection with various matters of business relating to the Firemen's Association?

Mr. O'DWYER. Yes.

Mr. HALLEY. Did he during the year 1949 ever visit you at the Gracie Mansion?

Mr. O'DWYER. I don't recall that.

Mr. HALLEY. Is it possible that he might have?

Mr. O'DWYER. Possible.

Mr. HALLEY. But you have no definite recollection?

Mr. O'DWYER. That's right.

Mr. HALLEY. Could he have visited you more than once there?

Mr. O'DWYER. Committees came there all the time.

Mr. HALLEY. Did he ever come alone?

Mr. O'DWYER. I never recall him coming alone.

Mr. HALLEY. Would you say it might be possible that he did come there alone?

Mr. O'DWYER. I would say that it was not likely that he came alone—ever.

Mr. HALLEY. But do you have a definite recollection that he did not ever come alone?

Mr. O'DWYER. No definite recollection about it, except that they were always planning to get things for their union. They made a lot of trouble.

Mr. HALLEY. Was he a trouble maker?

Mr. O'DWYER. And they nearly all came—every time I ever remember them coming to see me, it was on matters of union business, and they came as a committee.

Mr. HALLEY. So you have no recollection of his ever coming alone?

Mr. O'DWYER. That is right.

Mr. HALLEY. And would that amount to a denial that he ever did come alone, or would you rather leave it simply that you had a great many visitors and it is possible, but you don't remember it?

Mr. O'DWYER. I never recall seeing him there alone.

Mr. HALLEY. Do you remember ever during the month of October of 1949 seeing him as you were leaving the city hall downtown?

Mr. O'DWYER. I don't recall it, but it could have happened.

Mr. HALLEY. And his asking you if he could stop up at Gracie Mansion?

Mr. O'DWYER. I have no recollection.

Mr. HALLEY. Do you know whether Mr. Crane ever made any campaign contributions?

Mr. O'DWYER. I don't know.

Mr. HALLEY. Did he ever make any to or through you?

Mr. O'DWYER. He did not.

Mr. HALLEY. Did you ever discuss Mr. Crane with Mr. Moran?

Mr. O'DWYER. No, except—yes; I did. At one time in 1949 Crane came in to city hall, and he served me with a motion, with a resolution, a blue-backed resolution from his union, with which I had a lot of trouble, in which they demanded—and as I recall it, they stated flatly that unless I gave them what they wanted they would not support me that year for reelection, and I believe I did speak to Moran about it and say, "What got into them?"

Mr. HALLEY. And then they agreed to support you?

Mr. O'DWYER. They did not, as I understand it.

Mr. HALLEY. Didn't they, as a matter of fact, support you?

Mr. O'DWYER. As a matter of fact, when they had a political rally, they begged me to come there, and I refused to come there. That was one rally I did not attend.

Mr. HALLEY. When was that rally?

Mr. O'DWYER. Sometime during the campaign—possibly in October.

Mr. HALLEY. And after that rally, did Crane come to see you at city hall?

Mr. O'DWYER. As I told you, my recollection is that I don't recall him coming to see me after that rally, as a committee or individually.

Mr. HALLEY. Did Crane ever make a campaign contribution to or through you?

Mr. O'DWYER. As I told you before, he did not.

Mr. HALLEY. Which persons did you appoint to the fire commissionership in New York City during your administration?

Mr. O'DWYER. Mr. Quayle, Mr. Moran, Mr. Horowitz, and Judge Bayes.

Mr. HALLEY. Did you have any knowledge of Mr. Moran's acquaintance with Louis Weber?

Mr. O'DWYER. No.

Mr. HALLEY. Did you know, or did you ever have occasion to hear, about Louis Weber?

Mr. O'DWYER. I heard the name years and years ago in Brooklyn.

Mr. HALLEY. He was a fairly prominent policy operator; was he not?

Mr. O'DWYER. At one time, I would say back in the twenties. Back in the twenties he was. That was the reputation he had.

Mr. HALLEY. Didn't he have a reputation for that even in the forties?

Mr. O'DWYER. I didn't know. I hadn't heard that. I didn't know what his reputation or the size of his business was in the forties.

Mr. HALLEY. What did you know about his reputation when you were district attorney of Kings County?

Mr. O'DWYER. When I was district attorney of Kings County, I had knowledge of the man. I had knowledge of him from years before, back in the 1920's.

Mr. HALLEY. And in those days—

Mr. O'DWYER. I never met the man that I can remember. I did see him once, years ago, a pockmarked person, squat, but I never met him and I never thought much of him. His name did come into Murder, Inc.

Mr. HALLEY. How did it come into Murder, Inc.?

Mr. O'DWYER. Well, Reles told a story of how Luciano wanted to take over the policy business in Brooklyn and he had, I think it was Straus, or some of these fellows, in a home across the street from where Weber lived, I think it was—I am going back in my recollection—and that they fired a sawed-off shotgun at him and almost blew out his arm. When he got better, the story I got from Reles was that Weber took a gun and he went right over here to New York somewhere, to a penthouse where Luciano lived in luxury, and he banged with the butt of his gun on the door and demanded to get Luciano to come out and fight it out on the roof, and something happened and Weber went away, and the day came when the gunmen in Brooklyn were called off Weber. I remember that story fairly clearly.

Mr. HALLEY. Well, that would indicate that right up to the 1940's, Weber was a power in the policy business; would it not?

Mr. O'DWYER. Oh, I don't know how big he was, Mr. Halley, but I believe he was in it.

Mr. HALLEY. Well, he was big enough for Luciano to get into a dispute with him.

Mr. O'DWYER. Well, he had some area that Luciano wanted, that is true. But that was years before.

Mr. HALLEY. Have you ever spoken to Mr. Moran about his acquaintance with Weber?

Mr. O'DWYER. No.

Mr. HALLEY. When was it first brought to your attention that Weber and Moran were friends?

Mr. O'DWYER. Something about it here.

Mr. HALLEY. Had that never previously been brought to your attention?

Mr. O'DWYER. It could have, but I don't recall ever hearing it. That had to do with visits to his office; I never heard of anything about that.

Mr. HALLEY. Of course, we are in a position where Moran says that Weber just dropped in, I think he said, six or eight times over a period of some years about a contract for taking the scales off a ship.

Mr. O'DWYER. Believe me, Mr. Halley, I don't know anything at all about those visits.

Mr. HALLEY. But on the basis of the testimony we have had here, which is that the visits were much more often, I would like to know whether you can think of any reason why Weber and Moran should have had business together?

Mr. O'DWYER. I have no reason in my mind for that. Certainly it wasn't any power that Moran had with the police department that I know of to help him, if Moran wanted to do it.

Mr. HALLEY. It might be that Moran was claiming he had power with the mayor, whether he had it or not; he might have claimed it.

Mr. O'DWYER. Well, Moran would never do that.

Mr. HALLEY. It would be a statement that he could probably substantiate just by quoting your testimony yesterday.

Mr. O'DWYER. To wit?

Mr. HALLEY. To wit, that you hoped, I think, Senator Tobey would ever have as good a friend as Moran was to you.

Mr. O'DWYER. That's right. I have full faith right now in his friendship and loyalty. He would never do that, in my opinion.

Mr. HALLEY. If it turns out that Weber did actually visit Moran frequently on an average of, say, almost once a week, would that in any way affect your confidence in Moran?

Mr. O'DWYER. Oh, well, you are asking me if it turns out, if someone testified to it, if something like that——

Mr. HALLEY. Somebody has testified to it now.

Mr. O'DWYER. That wouldn't be enough in itself. It would not be enough to shake my confidence in Moran.

Mr. HALLEY. If two people, if two firemen who had apparently no bias or motive, have testified that they saw such visits——

Mr. O'DWYER. Believe me, I haven't met such a fireman. They have bias and motives for everything.

Mr. HALLEY. Well, would you be inclined just to dispose of that testimony on a——

Mr. O'DWYER. I would follow it up.

Mr. HALLEY. On a general basis?

Mr. O'DWYER. I would follow it up.

Mr. HALLEY. You would follow it up?

Mr. O'DWYER. Yes. A man comes along, makes a flat-footed statement, certainly I would follow it up.

Mr. HALLEY. And if you found that Weber was visiting Moran regularly, would that affect your confidence in Moran?

Mr. O'DWYER. Yes, sir.

Mr. HALLEY. You really couldn't think of any satisfactory explanation, could you?

Mr. O'DWYER. Frankly, I would be slightly shocked if I found that he visited him every day, or every week, or something like that. I wouldn't know——

Mr. HALLEY. Every week, or on some regular basis; would that be right?

Mr. O'DWYER. Yes.

Mr. HALLEY. It would indicate that there was some sinister influence at work, would it not?

Mr. O'DWYER. It would indicate there was something there to worry about.

Mr. HALLEY. Over the period of years have you felt that Moran justified the repeated trust you put in him?

Mr. O'DWYER. Yes.

Mr. HALLEY. You were never much influenced by the assertions of the Brooklyn grand jury that he ordered the removal of the "wanted cards" of the various witnesses in the Anastasia case and on Anastasia himself?

Mr. O'DWYER. I don't know that he ordered it.

Mr. HALLEY. He did not deny it here.

Mr. O'DWYER. Well, apparently he did once before, before the grand jury, didn't he?

Mr. HALLEY. Well, we have found a lot of people who have been admitting things here they have denied elsewhere. Now, he doesn't deny it any more, but attempts to justify it as having been proper.

Mr. O'DWYER. Well, I don't know just what happened there, but there wasn't enough there, as I saw it, for me to lose faith in Moran.

Mr. HALLEY. Do you think he did a good job in the fire department?

Mr. O'DWYER. I certainly do.

Mr. HALLEY. Has that been a well-run department, from the administrative end of it?

Mr. O'DWYER. Yes; it looked good, as far as the running of the department is concerned.

Mr. HALLEY. And did Quayle do a good job there, too?

Mr. O'DWYER. I thought so; yes.

Mr. HALLEY. You feel that they were good appointments?

Mr. O'DWYER. Yes.

Mr. HALLEY. And that Moran's services in the fire department justified his appointment to that water commission job?

Mr. O'DWYER. Not that alone. Knowing the man, knowing his intelligence, and knowing how he digs in and understands his business, a lot of things like that helped, and the fact that I had known him so long that I believed him to be so loyal to me, and I felt that he would do a good job for the city.

Mr. HALLEY. What quality did Moran show during his work at the district attorney's office besides perhaps loyalty?

Mr. O'DWYER. Oh, the man worked in a law office for years, one of the biggest law offices we had, as the chief stenographer.

Mr. HALLEY. Well, that would hardly qualify him as an administrator, would it?

Mr. O'DWYER. Men have gone far without being lawyers.

Mr. HALLEY. Of course, they have, but not in the district attorney's office.

Mr. O'DWYER. The general idea of how to manage, his general knowledge of administration, his alertness—there were lots of things that go to show why I thought he did a good job.

Mr. HALLEY. The testimony before the grand jury appeared to me to be that Moran actually planned investigations, opened them, closed them, and was one of the three people authorized to permit a case to go before the grand jury.

Mr. O'DWYER. Look, Mr. Halley, Mr. Moran and the rest of us in that period in Brooklyn handled the biggest murder gang in the history of the country and broke it up, and now we are down to piddling.

Mr. HALLEY. What did you break up? Whatever has been done to Adonis, or any of the other six you mentioned yesterday?

Mr. O'DWYER. If we had a senatorial committee at that time that would take in the over-all picture of crime in the country, we could have done a lot. But we were localized, and hemmed in by the Atlantic Ocean and the East River. And that as far as our jurisdiction went in one way; and only to the Nassau border in the other.

Then, Mister, you can't do very much with national syndicates.

Mr. HALLEY. Well, Joe Adonis was in Brooklyn, of course.

Mr. O'DWYER. When?

Mr. HALLEY. During that period.

Mr. O'DWYER. Under arrest.

Mr. HALLEY. What did you do to get him?

Mr. O'DWYER. He was under arrest. He was under an indictment.

Mr. HALLEY. Why didn't you convict him?

Mr. O'DWYER. John Amen had him.

Mr. HALLEY. Couldn't you have tied him up with this Murder, Inc., if he was right there?

Mr. O'DWYER. We had mention on him in one case, one case only, and he was so far away from corroboration that we couldn't get him.

Mr. HALLEY. Did you ever put Reles on the witness stand and ask him before the grand jury what he could say about Adonis?

Mr. O'DWYER. Mr. Halley, I did not. Mr. John Amen was there, and he had the advantage of talking to Mr. Reles, who was talking to Reles if he wanted to. I did not.

There are so many things that you can ask me, "Did you do," that I will have to say "No" to, because there were things that never occurred to me.

Mr. HALLEY. Just one more question: Is it a fact that you did take Reles out to California to testify before the grand jury in the Bugsy Siegel case?

Mr. O'DWYER. That's right.

Mr. HALLEY. And is it also a fact that Reles was killed before he could go out to California again to testify a second time at a trial of Bugsy Siegel?

Mr. O'DWYER. No. I think there were two arrests of Siegel. I think, if I recall, he went out there to testify, and he was indicted. And then there was something wrong with the law, and the district at-

torney and the judge out there let it go. And then they came back the next time and indicted him. I think Reles was there at that time.

But no matter how that was, the reason they couldn't convict Bugsy Siegel was because of Reles' death.

Mr. HALLEY. But didn't 11 months expire between the indictment, the valid, final indictment of Siegel, and Reles' death?

Mr. O'DWYER. I don't know. It could be.

Mr. HALLEY. And weren't there various efforts made on the part of the California authorities to have Reles brought back there?

Mr. O'DWYER. Not that I recall. Any time they were ready for trial, we were ready to deliver him there.

Mr. HALLEY. Is it not a fact that they were asking for Reles to be delivered there, and that he just wasn't?

Mr. O'DWYER. That is not true.

Mr. HALLEY. Have you searched the records on that?

Mr. O'DWYER. I have not. But I know how anxious I was to get a trial of Bugsy Siegel on the coast.

Mr. HALLEY. Did you urge them to go to trial?

Mr. O'DWYER. Of course I did.

Mr. HALLEY. How often?

Mr. O'DWYER. A couple of times.

Mr. HALLEY. And they did not request you to bring Reles out there?

Mr. O'DWYER. For Heaven's sakes, as I remember, when we finally tried to get Siegel into Brooklyn for harboring Lepke, a couple of their high policemen out there testified to the good character on the habeas corpus proceedings, and they were sustained.

Mr. HALLEY. But did not the district attorney out there attempt to bring Siegel to trial?

Mr. O'DWYER. No. If he did, he wasn't balked by me. I was more than anxious to see that trial take place.

Senator O'CONOR. The committee will now recess for lunch until 2 o'clock.

(Thereupon, at 1:05 p. m., a recess was taken until 2 p. m.)

AFTERNOON SESSION

(Thereupon, at the expiration of the recess, the committee reconvened at 2 p. m.)

Senator O'CONOR (presiding). The hearing will please come to order.

We are advised that the United States attorney desires to make a statement, totally unrelated to the statement of the Ambassador, and we will be very glad to have him do so at this time, realizing his many other engagements and commitments.

So, Mr. Saypol, we are delighted, indeed, to afford you an opportunity to make your statement.

Mr. SAYPOL. Thank you, Senator. May I do it from here?

Senator O'CONOR. Certainly, sir.

Mr. SAYPOL. Mr. Chairman, I have been apprised by the Assistant Chief of my Criminal Division that the committee has had a communication from counsel for Louis Weber, who testified before you last Friday night. And in the course of his testimony it became evident to me that his behavior was condemnable. In the light of the statute on perjury, I took official action.

I am now advised that his attorney has communicated with the committee and asked leave to have Weber brought before the committee for the purpose of giving further testimony; perhaps corrective, perhaps fuller, I don't know what.

The matter of his appearance here, of course, as Your Honors know, is a matter of formal court procedure, since he is now in the custody of the Federal court. I should be happy to see that the appropriate writ of habeas corpus ad testificandum is made, and his appearance procured.

I feel free to apprise the committee of the fact that his conduct here already is the subject of grand-jury consideration, and I think it would be appropriate if you would allow me to apprise you of the state of the law in the Federal jurisdiction in respect to recantations, so that the witness, or defendant, when he is brought before the committee, has been warned of his rights, so that no questions may arise ultimately if there should be a prosecution.

If I may do so, I shall proceed.

Senator O'CONNOR. We would be very glad to have you do so, Mr. Saypol.

Mr. SAYPOL. The Supreme Court decided, in *Norris v. The United States*; or *United States v. Norris*, as it is variously known, reported in volume 300 of United States Reports at 564, that the doctrine of recantation has no application in the Federal courts. In this respect the law of the State of New York and the Federal law are at variance.

In the Norris case the facts briefly were these:

One Nye—and may I say parenthetically, that is not Senator Nye—filed Republican nominating petitions in his behalf for public office in the State of Nebraska. The petitions were disallowed by the State court and as a result of these activities a Senate subcommittee concerned with the enactment of remedial legislation and other statutes relating to the election of United States Senators subpoenaed Nye to testify before it concerning the petitions.

Nye testified at some length and was asked if he had had financial support and backing. He stated that he had none whatsoever.

His testimony was given under oath. Thereafter several of the witnesses testified in Nye's presence. After consulting his counsel Nye asked permission to return to the stand and then admitted that he had received funds for the campaign.

Nye was indicted and acquitted of perjury in the Federal court in the State of Nebraska by reason of the above testimony. He requested the district court to charge that his recantation entitled him to acquittal. The trial court refused the charge and an appeal was taken from this refusal. This is what the court said:

The respondent admitted he gave intentionally false testimony on September 22. His recantation on the following day cannot alter this fact. He would have us hold that so long as the cause or proceeding in which false testimony is given is not closed, there remains a locus poenitential—

that is a place where he could go and show himself penitent in his recantation—

of which he was entitled to and did avail himself. The implications and results of such a doctrine prove its unsoundness. Perjury is an obstruction of justice; its perpetration well may affect the dearest concerns of the parties before a tribunal. Deliberate material falsification under oath constitutes the crime of perjury, and the crime is complete when a witness' statement has once been

made. It is argued that to allow retraction or perjured testimony promotes the discovery of the truth and, if made before the proceeding is concluded, can do no harm to the parties. The argument overlooks the tendency of such a view to encourage false swearing in the belief that if the falsity be not discovered before the end of the hearing it will have its intended effect, but, if discovered, the witness may purge himself of crime by resuming his role as witness and substituting the truth for his previous falsehood. It ignores the fact that the oath administered to the witness calls on him freely to disclose the truth in the first instance and not to put the court and the parties to the disadvantage, hindrance, and delay of ultimately extracting the truth by cross-examination, by extraneous investigation, or other collateral means.

The plain words of the statute and the public policy which called for its enactment alike demand we should hold that the telling of a deliberate lie by a witness completes the crime defined by the law. This not to say that the correction of an innocent mistake, or the elaboration of an incomplete answer, may not demonstrate that there was no willful intent to swear falsely.

With that observation, gentlemen, I trust that you will recognize my problem as a prosecutor and, at the same time, that you give consideration to the protection of the witness or prospective defendant, Weber.

Senator TOBEY. Mr. United States Attorney, that is one of the most wholesome decisions or letters I have heard for a long time.

I have sat here since these hearings began, and I have seen men come before us and make statements under oath, and then, when we found that they were lies, they came back a few days or a week later and tried to correct them. That looks to me like a deathbed repentance.

Tennyson said, "A lie that is half a truth is ever the blackest of lies."

It seems to me that it is high time that we put some fear of God into these men, that when they make a declamando statement of that kind they should suffer the consequences of the law when they try to come back and change it. So I endorse that very gladly.

Mr. SAYPOL. I can only say, Senator, that you find yourself in accord with the United States Supreme Court.

Senator O'CONOR. Mr. Saypol, we are indebted to you for coming to us and advising us, and you can be assured that, in return for the splendid cooperation we have received from you, we will act accordingly.

Mr. SAYPOL. May I ask that the telegram of notification addressed to the committee requesting Weber's appearance, which has just been shown to me, be read by counsel into the record?

Senator O'CONOR. Yes; this will be made a part of the record.

(The telegram referred to was made a part of the record, and is as follows:)

SENATOR ESTES KEFAUVER,

Federal Court Building, Foley Square, New York:

As attorney for Louis Weber, request was made today to talk to you regarding an opportunity for Louis Weber to purge himself before your committee. Messrs. Walsh and Shvitz of your staff conferred with me and I have received no definite answer. I am informed your committee afforded Mr. Costello such an opportunity. I make this request in this form as I realize the difficulty to obtain a personal interview. I will waive any necessary rights of Louis Weber in order to bring him from the detention prison to your committee room. I will be outside your committee room in the morning if you see fit to afford Weber the right which you have given to the other witness.

JAMES F. RYAN,

44 Court Street, Brooklyn, N. Y.

Senator O'CONOR. Now Mr. Halley.

Mr. HALLEY. Just one moment, sir.

Senator O'CONOR. Well, at the outset, the committee feels it should read into the record a communication received from Governor Dewey. As will, of course, be remembered, the chairman, Senator Kefauver, mentioned yesterday the Governor's name in his opening statement, and the telegram which is addressed to Senator Kefauver and signed by Governor Dewey that follows:

I have your telegram and would be delighted to give you my views on organized crime. That is a subject on which I spent many years of my life. It would be a pleasure to meet publicly with you and the members of your committee any time at your convenience at the executive chamber in the State capitol. Of course I would be pleased to have the committee members stay at the executive mansion while they are here.

Sincerely,

THOMAS E. DEWEY.

Senator HUNT. Mr. Chairman, I would like to comment that the distance from Albany is the same as the distance from New York to Albany. There are four of us here. Three of us now sitting as members of the committee have served as Governors of our State, and I, for one, would not get any special kick or enthusiasm out of being invited up to Albany to stay overnight at the mansion.

Senator O'CONOR. Mr. Halley.

Mr. HALLEY. Before going on, Mr. O'Dwyer, I believe you testified and would like to clear up one statement, that it was fortunate for the United States Army that you did see Costello. Would you care to elaborate on that?

Mr. O'DWYER. No. I felt that I was doing a good Army job.

Mr. HALLEY. But nothing was accomplished at the meeting. Was anything accomplished?

Mr. O'DWYER. No; I got a line on a Joe Baker who was a friend of Frank Costello.

Mr. HALLEY. But at the time he says that he didn't think that Joe Baker had anything to do with what you were looking for.

Mr. O'DWYER. I didn't get that impression.

Mr. HALLEY. What impression did you get?

Mr. O'DWYER. That he knew a Joe Baker, knew him well, but didn't know that he had any business dealings with Wright Field.

Mr. HALLEY. What did you get that you thought was fortunate for the United States Army.

Mr. O'DWYER. That was a start.

Mr. HALLEY. A start of what?

Mr. O'DWYER. Of running down the rumors.

Mr. HALLEY. How do you go from there to run down any rumors?

Mr. O'DWYER. I waited until I got a direct case against Joe Baker.

Mr. HALLEY. After seeing Frank Costello did you go to the Joe Baker whom he said he knew?

Mr. O'DWYER. I did not.

Mr. HALLEY. Wouldn't that be the way to follow up this information, if it was of any use?

Mr. O'DWYER. No. The complaint at the time was an officer in Wright Field, and Baker's name was mentioned, so was Till's name mentioned, and there was a mention of Costello, that his wire, as I recall it, was being used in connection with getting contracts.

Mr. HALLEY. I don't see what you accomplished at Mr. Costello's apartment.

Mr. O'DWYER. Well, other than what I said, nothing was accomplished, at that time.

Mr. HALLEY. All that was accomplished, to get it perfectly straight, is that Mr. Costello said he knew a Joe Baker?

Mr. O'DWYER. There was such a man as a Joe Baker.

Mr. HALLEY. And there was no follow-up on that?

Mr. O'DWYER. On that, at that time. There was about 6 weeks later.

Mr. HALLEY. Six weeks later you had an independent complaint; is that right?

Mr. O'DWYER. That is exactly right.

Mr. HALLEY. And when you got the independent complaint, you wrote a memorandum, or a letter in which no mention was made whatsoever of Costello?

Mr. O'DWYER. It was an independent complaint, which involved two men, Till and Baker.

Mr. HALLEY. And there was no mention made at that time by you of Costello?

Mr. O'DWYER. The investigation disclosed, of course, that Costello and Baker were friendly.

Mr. HALLEY. In the memorandum that you wrote, that does not appear, does it?

Mr. O'DWYER. That's right.

Mr. HALLEY. I think you also mentioned that you had no occasion to state publicly that you were shocked to go to Costello's apartment and find Mike Kennedy there with him; is that right?

Mr. O'DWYER. That's right.

Mr. HALLEY. Did not the occasion come, though, when you announced that you would recognize Mike Kennedy as the leader you would support for the West Side?

Mr. O'DWYER. When was that done?

Mr. HALLEY. We have a very energetic group of young men working here with me, and they got a book here during lunch which appears to be the New York Times bound volume for July 2, 1948. It says, the front page, on the left-hand streamer: "O'Dwyer abandons Tammany, hinting at new city setup."

And then it says this, two-thirds of the way down the column:

The mayor's first act yesterday in dealing with the Tammany situation consisted of the swearing in of a city marshal, normally a routine and unheralded procedure. But in this case the mayor pointed out the marshal was Martin J. Kennedy, brother of Michael J. Kennedy. Michael is the former leader of Tammany Hall who found himself in the middle of the Aurelia case in 1943, and who was forced out as leader after he had disowned Thomas A. Aurelio's candidacy for the supreme court and the latter had been elected anyway.

The mayor made it clear that he was recognizing henceforth Mike Kennedy as the leader of Manhattan's middle West Side, and would ignore Eugene J. McManus who displaced Mr. Kennedy as the district leader some time back, and who voted for the Valente nomination.

The mayor said he was interested in a new Tammany Hall composed of leaders who would provide a "decent" political set-up in New York County.

Then, in quotes again,

"The present Tammany Hall is decrepit, and you couldn't get it rejuvenated if you tried," said he.

Then it says,

He asserted he would recognize Mr. Kennedy; expected to recognize another leader shortly against Carmine D. DeSapio in the first assembly district.

And then—well, I better read it:

Mr. DeSapio is the official leader of the pro-Valente block, and the actual majority in Tammany, and added—

again quoting you—

“Give me a clean, decent man who is interested in decent public service, and I will recognize him. I will have nothing to do with the scavengers who plan to get rich on orphans’ money”

Referring to the patronage power of the surrogate’s court:

They don’t represent the good thinking Democrats of this country.

And then there is more.

Now at that point do you recall this occasion?

Mr. O’DWYER. Generally; yes.

Mr. HALLEY. And do you recall asserting that you would recognize Mr. Kennedy as the leader of Tammany Hall?

Mr. O’DWYER. That I don’t recall; but if I did say that, it was a choice of two evils. McManus did run over with the Costello crowd in that Valente case, and they nominated him, although I want it strictly understood that Judge Frank Valente, in my opinion, is a very decent, honorable man.

Mr. HALLEY. Did you feel—I’m sorry.

Mr. O’DWYER. But there was an understanding. It was well rumored, and I think founded in fact, that many leaders—at which Costello was present—sat around a year before to select Frank Valente’s uncle, Judge Louis Valente, for the surrogate; and I got rumors, all kinds of rumors, that the Valente arrangement was made on some kind of a theory that the district leaders would get so much patronage, and coming out of a court like the surrogate’s court that dealt with wills, widows, and orphans, I didn’t like the set-up.

Now the choice of having McManus, who came down a year or so before to me screaming against Costello, screaming against Clarence Neal, screaming against Burt Stand, and then swinging right over and going along with them on this deal, that annoyed me very much.

Mr. HALLEY. Well, how did you understand the deal on Judge Valente?

Mr. O’DWYER. I understood that there was an agreement of some kind reached a year before for the nomination of Louis Valente, Judge Louis Valente for surrogate.

Mr. HALLEY. And did you believe Costello was behind that?

Mr. O’DWYER. I did. I had information.

Mr. HALLEY. Can you tell the committee something about your information?

Mr. O’DWYER. I think Frank Hogan could tell a whole lot more.

Mr. HALLEY. Well, what do you know, and what—

Mr. O’DWYER. I understood they sat around at some luncheon in some hotel.

Mr. HALLEY. Who sat around; do you know?

Mr. O’DWYER. Well, it wouldn’t be fair for me to say who sat around. One man I was told was there was Clarence Neal, and I later found out he wasn’t.

MR. HALLEY. But you did hear that certain Tammany leaders sat around?

MR. O'DWYER. I did.

MR. HALLEY. With whom? With Frank Costello?

MR. O'DWYER. Yes.

MR. HALLEY. By "sat around" do you mean sat in a conference and decided—

MR. O'DWYER. Some sort of a luncheon conference that they had.

MR. HALLEY. And decided on the nomination of Judge Valente?

MR. O'DWYER. That's right.

MR. HALLEY. To be surrogate?

MR. O'DWYER. That is what I heard, that they would press his nomination.

MR. HALLEY. Did you do anything to stop that nomination?

MR. O'DWYER. That is what you are reading.

MR. HALLEY. Was it stopped?

MR. O'DWYER. It was not.

MR. HALLEY. But Valente did not become the surrogate, did he?

MR. O'DWYER. He was the nominee at one time, as I recall it. Then I raised a fuss and he wasn't the nominee any more. John Mullen was the nominee. He was the man they actually ran.

MR. HALLEY. And the fuss you made over it was because Costello was behind the Valente nomination; is that your testimony?

MR. O'DWYER. That was my information at the time.

MR. HALLEY. Have you heard anything to change that information since?

MR. O'DWYER. No. I am talking about this meeting, whatever meeting they had.

MR. HALLEY. Do you know from your knowledge or from hearsay that certain leaders sat down with Costello?

MR. O'DWYER. Only from hearsay.

MR. HALLEY. But you knew from your own knowledge that you found Mike Kennedy in Costello's apartment?

MR. O'DWYER. Yes; certainly.

MR. HALLEY. Did you feel that you were dealing fairly with the voters of New York and the citizens when, in order to fight the other evil, you came out and said that Mike Kennedy represented good, clean government?

MR. O'DWYER. Kennedy was the better of the two choices at that moment.

MR. HALLEY. Well, you had, I think, and have had at all times a very great independent support.

MR. O'DWYER. That is right.

MR. HALLEY. Based on your own personality and career?

MR. O'DWYER. That's right.

MR. HALLEY. Why didn't you come out and say, "A plague on both your houses. I know that Mike Kennedy was sitting in Costello's apartment, and I know that this other bunch is behind a deal for surrogate fostered by Costello, and I will support neither of them?"

MR. O'DWYER. Why back in 1943 it was well known that Mike Kennedy and Costello were friends. It was well known that they had a hand in the nomination of one judge, everyone in the city knew it, and after that Kennedy was elected a leader by the people of the district.

MR. HALLEY. Well, the people of the district who elect leaders, we all know, are a very small number of people in the district, just the clubhouse boys; isn't that right?

MR. O'DWYER. I don't know how big or small they are, but we are living in a democratic country and you've got to follow the process.

MR. HALLEY. Couldn't you have stopped him being elected leader and couldn't you have stopped this if you had said, "He is the man I found sitting in Costello's apartment when I went up there on my official Army business"?

MR. O'DWYER. Everybody knew that he was a friend of Costello's.

MR. HALLEY. But nobody knew the real facts?

MR. O'DWYER. They certainly did. They got the whole facts from the Aurelio case.

MR. HALLEY. Even you yesterday said you didn't know that Mike Kennedy had been made leader by Costello.

MR. O'DWYER. I did not.

MR. HALLEY. You didn't know whether that was so or not when I asked you?

MR. O'DWYER. That's right.

MR. HALLEY. So we put Costello on and he told about it. But you could have said, could you not, that you found Kennedy sitting in Costello's apartment when you were there?

MR. O'DWYER. What control did I have after the people spoke and elected him a leader?

MR. HALLEY. As a matter of fact, at the time this went on you were supporting him in a come-back.

MR. O'DWYER. I never supported him in a come-back, as I recall. I never interfered with any leadership over here that I can recall.

MR. HALLEY. Well, he was forced out as leader after he got involved in the Aurelio matter, wasn't he?

MR. O'DWYER. Leader of the county, leader of the county.

MR. HALLEY. And Mr. McManus had displaced Kennedy. It says so right here.

MR. O'DWYER. That is for the district.

MR. HALLEY. And then you said you were for Kennedy against McManus, and you would get him back in?

MR. O'DWYER. Well, at any rate, you could threaten McManus with that, couldn't you?

MR. HALLEY. Well, this got onto the front page, left-hand streamer column of the New York Times. Have you ever seen McManus with Costello?

MR. O'DWYER. Well, he went right over with this group in the case of Valente. He ran away from Sampson, the man I depended on to keep the organization reasonably clean over here.

MR. HALLEY. How could you expect Kennedy, the man Costello had made leader, to do a better job?

MR. O'DWYER. Well, he was up in a little district on the west side that didn't mean a thing.

MR. HALLEY. Weren't you playing off one political faction against the other to get what you wanted?

MR. O'DWYER. That is the best you can do. You can't do anything else in this city here.

MR. HALLEY. Who are some of the other sinister influences in New York City politics besides Costello? Is Stand one of them?

Mr. O'DWYER. I would say all of that group that were friends with Costello were.

Mr. HALLEY. What can you tell the committee about Murray Stand or Bert Stand, either of them?

Mr. O'DWYER. I know that Bert, Clarence Neal, for my information, was the men that knocked the nomination out of the hands of Frank Hogan when I ran for mayor. That is one.

I know that they were in a powerful position in the Democratic organization of this county, and I know they sent me men for appointments pretending they were from the organization here, when, in truth and in fact, they didn't even live in the county. A lot of things like that.

And then, of course, I heard a lot of things that you heard and everyone else heard, just rumors.

Mr. HALLEY. Well, why do you think they are sinister influences? Did you think that they associated with Costello?

Mr. O'DWYER. That was one of them; yes.

Mr. HALLEY. Did you believe that they hung around the Copacabana lounge and other places with Costello?

Mr. O'DWYER. I didn't know anything about that. I didn't know where they hung out with him.

I knew that they were hanging out somewhere.

Mr. HALLEY. Well, did you believe they took orders from Costello?

Mr. O'DWYER. Oh, I felt that the association was just not right.

Mr. HALLEY. Well, how was it not right? Many men in politics have, on occasion, to brush elbows with people whom otherwise they would not like to associate with. What was wrong about this association?

Mr. O'DWYER. If it was just a matter of brushing elbows—I would not question that—because this is a town of 8 million people in a very small space, and you do brush elbows, no question about that. If you go around at all, you do brush elbows, no question about it.

But the general question of Tammany Hall, if I have now, at this late date, after all the years that it has been in disgrace, if I have to tell just why it is in disgrace, I am afraid that I will not do half as good a picture for the record as you and I understand.

Mr. HALLEY. Well, it is important that this picture be put on the record, Mr. O'Dwyer.

Mr. O'DWYER. Well, I will not say to you that Tammany Hall, over the years, has been a clean organization, because it hasn't had that reputation. The people don't believe it.

Mr. HALLEY. Well, it is important that we get whatever detail you can provide, whatever substantial fact you can contribute to base your judgment and your opinion on, because just as in the case of the grand jury presentments, someday somebody will probably come along and say that this was all politics, and unless you state the reasons for your views, the people who claim it is all politics will have a leg to base their contention on.

Now, if you have your reasons, state the reasons, and they will stand for themselves.

Mr. O'DWYER. I have given you a few pretty good reasons, and there are others.

Mr. HALLEY. Well, what are the others?

Mr. O'DWYER. Rumors, general reputation.

Mr. HALLEY. Did Neal and Stand urge things that would help the gamblers or the gangsters?

Mr. O'DWYER. No; they did not—not with me.

Mr. HALLEY. Did they with anyone, to your knowledge?

Mr. O'DWYER. I don't know. Yes; I will tell you this: Since 1946 down to the day I left city hall the police commissioners were ordered, and every other department—but especially the police commissioners—ordered that no politician would have anything to do with them. And, Mr. Halley, if something went wrong with the police in this city in my time in connection with gambling they have got to carry that load themselves. They cannot this time, as in many other times, shift it over on politics, because politics wasn't permitted and had nothing to do with it.

Mr. HALLEY. Did the politicians from time to time foist patronage appointments on you that otherwise you might not have made?

Mr. O'DWYER. Well, most of the appointments that I made came from the organization of the county in which the man lived, came from the Democratic organization.

Mr. HALLEY. Including the appointments for New York County?

Mr. O'DWYER. Of whom?

Mr. HALLEY. Of New York County—Manhattan.

Mr. O'DWYER. Including New York County.

Mr. HALLEY. Was it entirely impossible for you as mayor to ignore the patronage for the New York County organization?

Mr. O'DWYER. Oh, I am a Democrat, and I felt that since I ran on the Democratic ticket, and I was elected on it, and the people had enough confidence in me to elect me on that ticket, and since I knew what the policies of the Democratic Party, State and national, were, and approved of them, certainly I felt that I had an obligation to distribute patronage to the Democratic Party in the city—to the proper people.

Mr. HALLEY. You would hardly assert, would you, that the policies of the national and State Democratic organizations were the same as those of the few persons you described as Tammany Hall—

Mr. O'DWYER. No; they weren't always the same. But there was always the hope you could get them the same.

Mr. HALLEY. And did you give this patronage in the hope that you would sway Tammany Hall?

Mr. O'DWYER. That I would build up the party; yes.

Mr. HALLEY. Doesn't it really look as though if, as you say, Lipsky, Charlie Lipsky, was making up a fairy tale when he said you threatened to starve Tammany out of patronage, it was at least a very flattering fairy tale to you?

Mr. O'DWYER. I didn't get that.

Mr. HALLEY. Well, he said that you told him to go up to Tammany, to go up and see those fellows at the Copa.

Mr. O'DWYER. Yes. And I denied it.

Mr. HALLEY. You denied it, but you said you didn't get me, so please let me try to state what I think he said.

He said that you told him to go up to the Copa and tell those fellows that they would have to change their leader and get rid of the synthetic vote which you have described, or you would starve them out. And when asked what he meant by "starving out," he said he thought you meant you would starve them out of patronage.

My question to you was, Wasn't that a flattering thing for him to say about you, in effect?

Mr. O'DWYER. It isn't a question of whether it is flattering or not. It is a question of whether or not I had any conversation with him or not, on that subject.

Mr. HALLEY. Well, did you ever threaten to starve Tammany Hall out of patronage in order to clean it out?

Mr. O'DWYER. I not only threatened, but I did it.

Mr. HALLEY. You have just testified that you made your appointments on the basis——

Mr. O'DWYER. That's right.

Mr. HALLEY. Of recommendations by the county organization.

Mr. O'DWYER. I gave them a chance to do the right thing. And when they didn't do it, I shut the door on them.

Mr. HALLEY. When did you shut the door?

Mr. O'DWYER. I imagine it was about June of 1946.

Mr. HALLEY. June of 1946?

Mr. O'DWYER. Yes.

Mr. HALLEY. You continued to make patronage appointments after that, did you not?

Mr. O'DWYER. If I did, it was from Frank Sampson.

Mr. HALLEY. And you continued to make appointments right up to date, did you not?

Mr. O'DWYER. That's right.

Mr. HALLEY. In fact——

Mr. O'DWYER. The county organization shouldn't suffer, just because of the leadership.

Mr. HALLEY. We are not talking about the county organization.

Would you say or would you not say that Hugo Rogers is one of the people you might describe as being close to Costello?

Mr. O'DWYER. I would say that Hugo Rogers, who ran on the same ticket with me in 1945, and was elected as borough president, that from my observation of him in the board of estimate, where we served together, he worked hard at his duties; he came in to each meeting of the board of estimate well prepared; and particularly in the field of traffic he had a great interest, which was a very important thing, and still is, for this county especially.

I would say that Hugo Rogers, a veteran of two wars, a lawyer, and an engineer, and no matter what else you say about him, he really worked hard at his job.

Mr. HALLEY. I think you said, did you not, that when he was leader of Tammany Hall it was understood that he was very much dominated by Mancuso?

Mr. O'DWYER. That was one of the things that I certainly didn't like. In fact, I asked Hugo Rogers before he accepted the leadership; my recollection I said, "Hugo, don't take it. It will kill you."

Mr. HALLEY. And I think that Costello testified, perhaps you heard it, that Mancuso was an intimate friend of his and that Hugo Rogers was a very close friend of his.

Mr. O'DWYER. I heard that. I don't recall hearing Rogers was, but that Mancuso was.

Mr. HALLEY. Did you maneuver to have Hugo Rogers ousted as leader of Tammany?

Mr. O'DWYER. No.

Mr. HALLEY. Did you try to get him ousted?

Mr. O'DWYER. No.

Mr. HALLEY. Did you want him ousted?

Mr. O'DWYER. Yes. He couldn't get the endorsement of the Liberal Party and Bob Wagner could. We needed that strength over here in this county because of conditions.

Mr. HALLEY. I don't understand that. Were you satisfied to have Costello's friend as leader of Tammany?

Mr. O'DWYER. Rogers?

Mr. HALLEY. Yes.

Mr. O'DWYER. I wasn't too sure of his friendship with Costello.

Mr. HALLEY. Well, you were very sure of Mancuso?

Mr. O'DWYER. Oh, yes.

Mr. HALLEY. And you were very sure of the general reputation that Mancuso dominated Rogers?

Mr. O'DWYER. Well, that is what they said, but what domination could he have? What did they have? It had to pass through me generally for city patronage.

Mr. HALLEY. What more than that did you have in the Valente case, Mr. O'Dwyer, where you found it necessary to back and support Mike Kennedy in order to fight fire with fire?

Mr. O'DWYER. What is the question?

Mr. HALLEY. Read it, please.

(The last question was read by the reporter.)

Mr. O'DWYER. Mike Kennedy, in a little district up on the west side, wasn't half as important.

Mr. HALLEY. Aren't you talking about political necessity rather than the morality of getting him—of getting Tammany cleaned of this sinister influence?

Mr. O'DWYER. Yes; I am talking about nothing else but political necessity and trying to do the best I could with a bad set-up.

Mr. HALLEY. Isn't it a fact, then, that after you became mayor, you shortly gave up any efforts to clean up Tammany Hall and compromised because of political necessity, and continued to compromise through your entire period of office?

Mr. O'DWYER. That isn't true. I first got the thing straightened out on top to the extent that Neal and Stand were out; I had Frank Sampson in there as leader. We showed them that they couldn't run the county in the first supreme court nomination and election and all the way down the line to the nomination of John Mullen for surrogate, which was, I think, in 1948. Down to that time, we had the thing pretty well on its way. As I recall it, I tried to get them to talk about housing, playgrounds, and the things that the people in the neighborhoods needed, and had each district take an interest in it. They were talking about that. I don't think they got very far with it. But from 1946, in six months or so after I went into office, down to the nomination of surrogate that year, Sampson was in charge and certainly, in my opinion, at least, he was a clean man and trying to do a clean job.

Mr. HALLEY. Weren't you able to keep him in?

Mr. O'DWYER. I was not.

Mr. HALLEY. Then Rogers came in?

Mr. O'DWYER. That's right.

Mr. HALLEY. And you were satisfied to leave him there as a matter of political necessity?

Mr. O'DWYER. I would much prefer to do that than have John Mullen elected surrogate in this county, and if that was the best I could do, I would take it.

Mr. HALLEY. Well, was it necessary to have Rogers in to get Mullen elected surrogate?

Mr. O'DWYER. It was necessary to have somebody, and Rogers was as good as the next.

Mr. HALLEY. You might have found somebody who wasn't under the Costello domination.

Mr. O'DWYER. I hadn't much of a say on that.

Mr. HALLEY. In any event, after Rogers was beaten for the borough presidency, did you not appoint him to a city post?

Mr. O'DWYER. I appointed him as special counsel to the new traffic set-up, because in my opinion there wasn't anyone in the board of estimate who knew as much about the traffic conditions and needs as Hugo Rogers did. And besides, when he was out as borough president, I knew he was out politically.

Mr. HALLEY. Now, had Rogers had an assistant by the name of Zichelli?

Mr. O'DWYER. Zichelli?

Mr. HALLEY. Zichelli.

Mr. O'DWYER. Yes; that's right.

Mr. HALLEY. And did you ever know that he was a brother-in-law of Willie Moretti?

Mr. O'DWYER. I didn't know that.

Mr. HALLEY. Have you never known it before this moment?

Mr. O'DWYER. I heard something about that.

Mr. HALLEY. I think his full name was Philip Zichelli.

Mr. O'DWYER. Yes, that might be.

Mr. HALLEY. Nobody ever told you he was related to Philip Moretti?

Mr. O'DWYER. No; I didn't know he was related in any way to Moretti.

Mr. HALLEY. When Bob Wagner, Jr., succeeded Hugo Rogers he ousted Zichelli, didn't he?

Mr. O'DWYER. That is right.

Mr. HALLEY. Is that right?

Mr. O'DWYER. That's right.

Mr. HALLEY. And then did you give Zichelli a job?

Mr. O'DWYER. He had been in the borough president's office for 4 years. He had been, I understand, the president of a private hospital uptown, and I moved him into the hospital department, where I thought he could do a good job; and checked afterward and was told by the commissioner that he is or was doing a good job. I don't know whether he is there now or not.

Mr. HALLEY. Could you have found somebody for that hospital department job who wasn't related to Willie Moretti?

Mr. O'DWYER. I could have found 100. But there are things that you have to do politically if you want to get cooperation.

Mr. HALLEY. Why did you appoint James Haffenden to the department of marine and aviation commissioner?

Mr. O'DWYER. He was recommended to me by the Democratic leader of Queens County. Mr. Jim Roe. At that time he was in full Navy uniform, and I thought he was a good man. I thought he was a good prospect.

Mr. HALLEY. Did you know at the time that he had signed a statement saying that Charlie "Lucky" Luciano had performed great services for the United States during the war?

Mr. O'DWYER. I knew nothing about it.

Mr. HALLEY. Did you fire Haffenden?

Mr. O'DWYER. Yes.

Mr. HALLEY. After about 4 months; is that right?

Mr. O'DWYER. No. I think he resigned; but if he didn't resign, he was going to anyhow. So——

Mr. HALLEY. He insisted that he wouldn't resign, and he got chucked?

Mr. O'DWYER. That's right. He said—when I told him he was through, he said he couldn't give me a decision on that until he had seen his leader. So I said, "Well, I will make the decision for you. You're through now"—something like that.

Mr. HALLEY. And what had he done while he was in there?

Mr. O'DWYER. Well, as I understand it, there were half a dozen things. I am not clear on any reason. But I know that there were a few things on that water front that have always been troublesome. One is the leasing of piers to men in the business of loading and unloading ships. You might be able to help me out with the name. I think they call them—they are companies.

Mr. HALLEY. Stevedore companies?

Mr. O'DWYER. Stevedoring companies, but there is another name. And there was something, as I recall it—there's a report on that in Murtagh's office.

Mr. HALLEY. Yes.

Mr. O'DWYER. And I would rather you would get the actual facts.

Mr. HALLEY. We have seen it. I just wondered if you knew the facts or remembered them.

Mr. O'DWYER. In a general way, I remembered them; and I didn't like it at the time, and I just put Haffenden out of there.

Mr. HALLEY. He was doing something wrong, you think, in connection with leasing the piers; is that right?

Mr. O'DWYER. That is my recollection. He was not doing what I wanted done.

Mr. HALLEY. And then you supplanted him with a new Commissioner, Reinecke?

Mr. O'DWYER. Yes. He was from the Navy, and spent all his life in the Navy, a Commodore.

Mr. HALLEY. Do you remember that a short time after that, one of Reinecke's assistants named Brody was also dismissed?

Mr. O'DWYER. That's right.

Mr. HALLEY. For doing about the same thing Haffenden had done?

Mr. O'DWYER. That's right.

Mr. HALLEY. Generally the same thing, illegal leasing of piers?

Mr. O'DWYER. That's right.

Mr. HALLEY. And Reinecke said that he had no control over his own appointees and had to take those he was given?

Mr. O'DWYER. Well, I think that was true. That is the way it ought to be. If they got—I was the one responsible, and I was the one to send him help, except the civil-service help.

Mr. HALLEY. Well, this morning you pointed out that you could not run the whole city.

Mr. O'DWYER. That is right.

Mr. HALLEY. And that you had to depend on the heads of your departments.

Mr. O'DWYER. That is right.

Mr. HALLEY. How can you expect a man to do a good job if he can't pick his own man?

Mr. O'DWYER. You are wholly unrealistic, Mr. Halley, if you are talking about politics. Why wouldn't a man do a good job? Why wouldn't he be able to tell what his help was doing, whether it was good or not good?

Mr. HALLEY. Not if a crooked political organization planted a lot of crooks on him. He couldn't do much.

Mr. O'DWYER. You are talking about one man, a commodore in the Navy, dealing with men all his life, until he retired, and, as the head man, I would expect he would know what was going on.

Mr. HALLEY. The tenth man in a department can't watch everyone under him, and he has to have some basic confidence in them. That is basic good government, isn't it?

Mr. O'DWYER. I question that very much. I think a good man in an organization, he knows what each one is doing.

Mr. HALLEY. Even if his appointees are planted on him as political stooges?

Mr. O'DWYER. No matter where he comes from, if he is a good man, he will.

Mr. HALLEY. Qualified or unqualified?

Mr. O'DWYER. Well——

Mr. HALLEY. And what does he do about it if they are bad?

Mr. O'DWYER. Tell me.

Mr. HALLEY. What do you do about it?

Mr. O'DWYER. Well, what case are we talking about?

Mr. HALLEY. I am just wondering if it is you or I who is being unrealistic about your commissioner coming to you and telling you that you had just given him somebody who is a crook.

Mr. O'DWYER. You don't think for half a minute if he told me that, that I would leave the man there long?

Mr. HALLEY. You would ask him what his proof was?

Mr. O'DWYER. I would do what I did in that particular case.

Mr. HALLEY. It is too late.

Mr. O'DWYER. Make an investigation. That is what we did in the very case you are talking about.

Mr. HALLEY. Now, then, I think you mentioned Judge Loscalzo to Senator Tobey.

Mr. O'DWYER. I did.

Mr. HALLEY. You appointed him to special sessions; is that right?

Mr. O'DWYER. That's right.

Mr. HALLEY. And I think you said Costello had nothing to do with that?

Mr. O'DWYER. Not with my appointing him.

Mr. HALLEY. You knew he was a protege of Costello, did you not?

Mr. O'DWYER. I did not. I still don't.

Mr. HALLEY. You never did read the Aurelio record, did you?

Mr. O'DWYER. I know that Aurelio mentioned his name to Costello.

Mr. HALLEY. Before appointing him, did it occur to you that it might be wise to ask somebody, if not yourself, to check up on the Aurelio record and see what the relationship was?

Mr. O'DWYER. Well, I remember——

Mr. HALLEY. Between Costello and Loscalzo?

Mr. O'DWYER. I remember that much in the record.

Mr. HALLEY. What do you recall about the relationship?

Mr. O'DWYER. That Aurelio said, in thanking Costello, he said, "Now we have to take care of Joe."

Mr. HALLEY. Joe Loscalzo?

Mr. O'DWYER. I don't know if it mentioned the name or not.

Mr. HALLEY. Did you think that meant Loscalzo?

Mr. O'DWYER. My impression was that it did.

Mr. HALLEY. And is that all you know about what the Aurelio record revealed in the case of Loscalzo?

Mr. O'DWYER. That is right.

Mr. HALLEY. Had you also known that, as a budding assistant district attorney in Queens, Loscalzo sought out Costello, went to a golf course to meet him, asked Costello to say a good word for him to Mike Kennedy, and that Costello had promised to look out for him; would you also have appointed Loscalzo?

Mr. O'DWYER. I didn't know that.

Mr. HALLEY. But the facts were available to you if you had asked for the record?

Mr. O'DWYER. I didn't know it.

Mr. HALLEY. You were on notice, at least, that Loscalzo was mentioned in connection with the Aurelio case?

Mr. O'DWYER. The facts will have to stand the way I give them; that I didn't know it.

Mr. HALLEY. Were you interested?

Mr. O'DWYER. I was interested enough to know what the bar association had to say about him, and asked them; and they said he had done a very good job; and a man in very good standing in Queens County.

Mr. HALLEY. Then there is——

Mr. O'DWYER. They certified to that before his appointment.

Mr. HALLEY. Did they know about it?

Mr. O'DWYER. I don't know.

Mr. HALLEY. And, of course, the responsibility for the appointment was yours, as mayor?

Mr. O'DWYER. That's right.

Mr. HALLEY. They simply advised on his standing in the legal profession?

Mr. O'DWYER. There he was, year after year, as chief assistant prosecutor in Queens County, known to the legal profession, member of his bar association, known to the members of the bar association, and the bar association certifies him to be a man of good character, and there is no reason why he couldn't be appointed.

Mr. HALLEY. The bar association might not have had the same access to the records that you did which showed that he had sought out Costello's aid.

Mr. O'DWYER. Well, you didn't have a senatorial committee digging out records.

Mr. HALLEY. Thank you.

Now, how about Abe Rosenthal. Do you remember——

Mr. O'DWYER. I scarcely know him.

Mr. HALLEY. Do you remember, he also was a district leader who was mentioned in the Aurelio proceeding.

Mr. O'DWYER. I heard that the other night—last night, I think.

Mr. HALLEY. His name did come out in connection with the proceedings, publicly, did it not, as one of the good friends of Costello?

Mr. O'DWYER. I was in the Army at the time. I don't remember the details of those hearings.

Mr. HALLEY. You have no doubt, though, that Abe Rosenthal was one of the leaders prominently mentioned in the Aurelio proceedings, do you?

Mr. O'DWYER. Well, I don't know that, but I listened in last night.

Mr. HALLEY. Did you not appoint Abe Rosenthal assistant corporation counsel for the city of New York?

Mr. O'DWYER. Abe Rosenthal?

Mr. HALLEY. Yes.

Mr. O'DWYER. I don't recall what the job was.

Mr. HALLEY. Did you appoint him to some job?

Mr. O'DWYER. Yes.

Mr. HALLEY. And my record is that he was appointed assistant corporation counsel.

Mr. O'DWYER. Well, then, I will take your record.

Mr. HALLEY. In any event, you appointed him to some job?

Mr. O'DWYER. That's right.

Mr. HALLEY. Do you remember a J. Raymond Jones?

Mr. O'DWYER. Yes, very well.

Mr. HALLEY. You had occasion to dismiss him once, did you not?

Mr. O'DWYER. That was that rumpus we had over the nomination for surrogate.

Mr. HALLEY. You mean there was a rumpus over the nomination of Valente?

Mr. O'DWYER. Anyone that I appointed that went along with that, I let him go. Then when we straightened the thing out, I got John Mullen for a candidate, I put them all back again.

Mr. HALLEY. You took them all back?

Mr. O'DWYER. That's right.

Mr. HALLEY. That includes Isidore Greenberg?

Mr. O'DWYER. It might. I don't know Greenberg.

Mr. HALLEY. I think he is another one that you let go because——

Mr. O'DWYER. Possibly.

Mr. HALLEY. Because he was supposed to be a friend of Costello's. And then, after you, as you say, straightened out the rumpus, you took him back, too?

Mr. O'DWYER. I took them all back.

Mr. HALLEY. Well, were you curing an evil or just——

Mr. O'DWYER. Doing the best I could.

Mr. HALLEY. Doing the best you could?

Mr. O'DWYER. With a bad situation.

Mr. HALLEY. Do you remember that you appointed a man named Lawrence Austin as city marshal the day before you quit?

Mr. O'DWYER. Austin?

Mr. HALLEY. Yes.

Mr. O'DWYER. Yes, I appointed a man by that name.

Mr. HALLEY. Did you know that he was related to Irving Sherman?

Mr. O'DWYER. I read it in the papers the day after.

Mr. HALLEY. Was that just a coincidence?

Mr. O'DWYER. Yes. As a matter of fact, my recollection of Austin was that he was a lawyer of very good standing, well recommended.

Mr. HALLEY. Was he recommended to you by Sherman?

Mr. O'DWYER. He was not.

Mr. HALLEY. He was a cousin of Sherman, though?

Mr. O'DWYER. That is what I read in the papers.

Mr. HALLEY. You had no knowledge of it?

Mr. O'DWYER. No.

Mr. HALLEY. Did you know Joe Adonis?

Mr. O'DWYER. I met him casually years ago, some place, I don't know when, I don't know where.

Mr. HALLEY. Were you familiar with the restaurant he ran on Fourth Street and Carroll Avenue?

Mr. O'DWYER. I remember it very well.

Mr. HALLEY. Did you ever go there?

Mr. O'DWYER. Never, to my knowledge. I never crossed the door.

Mr. HALLEY. There have been some witnesses who remembered seeing you there. Do you think they are mistaken?

Mr. O'DWYER. They certainly are.

Mr. HALLEY. Did you ever talk to Joe Adonis?

Mr. O'DWYER. As I say, years ago I may have talked to him. I don't recall just where. It would have been in Brooklyn.

Mr. HALLEY. You did, however, have certain friends in common, did you not?

Mr. O'DWYER. Yes, there are a lot of people over there who grew up with him and knew him very well.

Mr. HALLEY. Was George Joyce one of them?

Mr. O'DWYER. Yes.

Mr. HALLEY. Was George Joyce a law associate of yours?

Mr. O'DWYER. About 6 months, yes, but he was and is one of my dearest friends.

Mr. HALLEY. You know him very well, then?

Mr. O'DWYER. One of my dearest friends.

Mr. HALLEY. When was he your law associate?

Mr. O'DWYER. When I started to practice law in 1925.

Mr. HALLEY. 1925?

Mr. O'DWYER. 1925, that's right.

Mr. HALLEY. How long after that did you become a city magistrate?

Mr. O'DWYER. 1932.

Mr. HALLEY. After you——

Mr. O'DWYER. He, 6 months after we went into partnership, was appointed and then elected to the municipal court, afterward to the city court, and now he is a judge of the county court.

Mr. HALLEY. And during that time you continued to know him very well; is that right?

Mr. O'DWYER. Very, very well.

Mr. HALLEY. He was, was he not, the political leader in Adonis' district?

Mr. O'DWYER. No. George never was leader. Diamond was the leader.

Mr. HALLEY. What was George Joyce?

Mr. O'DWYER. George was an alderman there.

Mr. HALLEY. Was what?

Mr. O'DWYER. An alderman in the old days.

Mr. HALLEY. An alderman?

Mr. O'DWYER. Yes.

Mr. HALLEY. From Adonis' district; is that right?

Mr. O'DWYER. Well, I don't know where Adonis lived then.

Mr. HALLEY. He lived in the neighborhood of Fourth and Carroll Streets.

Mr. O'DWYER. He grew up around there, but he got rich. He got pretty well fixed and moved out toward Bay Ridge. I don't think he lived down there then. I wouldn't know. I shouldn't answer one way or the other on that.

Mr. HALLEY. Do you know whether or not during the years after Joyce became a judge he continued to know Adonis?

Mr. O'DWYER. Well, he knew him. I think they knew one another as boys. But how often he met him I don't know.

Mr. HALLEY. And was McKee a good friend of yours—Jim McKee?

Mr. O'DWYER. McKee or McGee?

Mr. HALLEY. McKee.

Mr. O'DWYER. Joe McKee—Judge McKee?

Mr. HALLEY. The man who ran for mayor.

Mr. O'DWYER. Oh, he appointed me as magistrate.

Mr. HALLEY. And you supported him when he ran on the Recovery Party ticket?

Mr. O'DWYER. Well, I helped.

Mr. HALLEY. Was Quayle one of his strong supporters—Frank Quayle?

Mr. O'DWYER. He could be; he could have been.

Mr. HALLEY. And Quayle is one of the men you have since appointed to be one of your commissioners?

Mr. O'DWYER. That's right—the fire department.

Mr. HALLEY. Yes. And Quayle and Adonis were pretty good friends; were they not?

Mr. O'DWYER. I understand they were.

Mr. HALLEY. Did you know Kenneth Sutherland?

Mr. O'DWYER. Yes.

Mr. HALLEY. Did he recommend you to McKee for your first judicial post?

Mr. O'DWYER. Well, he didn't hurt.

Mr. HALLEY. Well, didn't he in fact recommend you?

Mr. O'DWYER. I would say there were several people recommended me to McKee. One of them was Mr. Joe Moran, the late Joe Moran, of the Patrolmen's Benevolent Association. There were several other groups that recommended me; and as I recall it, Senator Sutherland was then some kind of a secretary to McKee, and I believe he helped me quite a little.

Mr. HALLEY. And was he not also one of the leaders who was close to Adonis?

Mr. O'DWYER. That I couldn't tell; I don't know.

Mr. HALLEY. Well, you have heard testimony to that effect, have you not?

Mr. O'DWYER. No, I haven't.

Mr. HALLEY. Have you any reason to doubt it?

Mr. O'DWYER. No.

Mr. HALLEY. Now, during the course of your investigation in Brooklyn, was any pressure ever brought on you to avoid prosecuting Joe Adonis?

Mr. O'DWYER. No, never.

Mr. HALLEY. Did any of his friends ever talk to you?

Mr. O'DWYER. Never.

Mr. HALLEY. At that time was Joe Adonis an important figure in the underworld?

Mr. O'DWYER. At that time I would say he was pretty much what he is today: somebody that was known and identified with gambling.

We are talking about 1932, are we?

Mr. HALLEY. No; we are talking about 1940.

Mr. O'DWYER. About 1940. Well, it was around that time that he packed up and left Brooklyn and went over to New Jersey and sold out his home there at the time. But his connection with big-time gambling, as well as some legitimate enterprises, was exactly what it is today, as far as I know.

Mr. HALLEY. What was that?

Mr. O'DWYER. Well, that he had big books; that he had contracts with Ford; that he had big real-estate holdings.

This is all on information and belief.

Mr. HALLEY. Well, you told the grand jury, did you not, that he was a very important man?

Mr. O'DWYER. Oh, yes.

Mr. HALLEY. And in what circles did you have in mind that Joe Adonis was a very important man?

Mr. O'DWYER. Gambling, a generally big figure, as I understood it.

Mr. HALLEY. Well, you said he was a superior in the underworld to Adonis?

Mr. O'DWYER. A what?

Mr. HALLEY. A superior to Anastasia?

Mr. O'DWYER. Anastasia. Well, I would say he was much, much higher than Anastasia, in the policy making end of the national alliance.

Mr. HALLEY. Adonis was also a good friend of Lipsky, was he not?

Mr. O'DWYER. I understand Lipsky did a lot of investments for him in the early days, and I think they were good friends.

Mr. HALLEY. What is the basis for your belief that Lipsky did a lot of investments for Adonis?

Mr. O'DWYER. It is not very sound. Lipsky. That is his own story.

Mr. HALLEY. What is the basis for your belief that Lipsky was a good friend of Adonis?

Mr. O'DWYER. Lipsky—

Mr. HALLEY. Have you any reason to doubt it?

Mr. O'DWYER. None. I am sure it is true.

Mr. HALLEY. Now, Anastasia had the water front; is that right?

Mr. O'DWYER. Yes, We found out that Anastasia and a few others, that they collected money, extorted money from the workers on the piers there in Brooklyn. As I told the Senators today, that the books were burned at one time when someone looked for them. I think it was John Harlan Amen, and there wasn't any doubt in my mind that Anastasia really owned that water front and had strong henchmen too.

Mr. HALLEY. You are now talking about Albert Anastasia?

Mr. O'DWYER. That's right.

Mr. HALLEY. And when you say he owned it, what do you mean?

Mr. O'DWYER. That while you had six piers, I think it was, six unions, there may have been two unions or one union that he didn't own there; but there were six piers with six separate unions, and while they pretended to be unions, they were nothing more than just men who worked and had to contribute a portion of their pay to Anastasia.

Mr. HALLEY. And there was also gambling on the docks?

Mr. O'DWYER. I am not too sure that it would be anything more than sporadic: Crap games, things like that.

Mr. HALLEY. It was mainly a kick-back racket; is that it?

Mr. O'DWYER. Kick-back. Unquestionably they had handbooks in and out of there, but I don't know that.

Mr. HALLEY. And stealing?

Mr. O'DWYER. I didn't hear much of that. I think mostly kick-backs.

Mr. HALLEY. Extortion?

Mr. O'DWYER. Extortion. But I am sure if we went into the thing completely, as I had hoped to do when the murder cases were over, that we would have found a lot of things wrong.

Mr. HALLEY. Now, you did find at that time that despite the fact that Anastasia owned the water front, he was far below Adonis in the hierarchy?

Mr. O'DWYER. That was Reles' estimate of him.

Mr. HALLEY. And I thought it was your own.

Mr. O'DWYER. Well, I got it from Reles.

Mr. HALLEY. And your other witnesses?

Mr. O'DWYER. Well, they weren't as close to that phase of it as Reles. Reles was a more reliable witness.

Mr. HALLEY. You relied on Reles?

Mr. O'DWYER. Yes.

Mr. HALLEY. His facts checked out when you checked them?

Mr. O'DWYER. Yes; and everyone that checked, checked out.

Mr. HALLEY. When you became mayor, did you find that Anastasia had moved out of New York to New Jersey?

Mr. O'DWYER. Yes; but that was from New York. I didn't know where he was.

Mr. HALLEY. Did you never learn that he had moved to New Jersey within a few blocks of Adonis?

Mr. O'DWYER. Last night or—I think it was last night. Some night listening in here, I heard it.

Mr. HALLEY. And that they continued to be close together?

Mr. O'DWYER. I didn't hear that. But I would be surprised if they didn't.

Mr. HALLEY. The water front at that time was a very sore spot in the New York picture, was it not?

Mr. O'DWYER. Always has been, and will be for a long time, unless something is done about it.

Mr. HALLEY. If one were to look at the question of whether or not New York is free of crime, the water front is one the main places to look, is it not?

Mr. O'DWYER. That is one place.

Mr. HALLEY. During the period while you were mayor, did you do anything about conditions on the water front?

Mr. O'DWYER. Yes. I got this other young man assigned there, Kennedy I think his name is, who was recommended highly, was a law student, rather, a law graduate, who was active in the detective division, and we put him in charge to see what we could do to correct the conditions over there.

Mr. HALLEY. You had some serious complaints from your own commissioner of marine and aviation, did you not?

Mr. O'DWYER. I think that had to do mostly with loading, loaders.

Mr. HALLEY. That was a new water-front racket, was it not?

Mr. O'DWYER. Yes. We had serious complaints from the port authority. They came——

Mr. HALLEY. The port authority claimed that business was going away from New York because of the racket?

Mr. O'DWYER. That business was leaving New York. And that the men——

Mr. HALLEY. Was anything done about it?

Mr. O'DWYER. Yes. The last one on the one that you—that I mentioned to you now about the port authority, we got the commissioner of investigations to make an investigation there. This all had to do with loaders.

Mr. HALLEY. Whatever came of any investigation that Commissioner Murtagh made?

Mr. O'DWYER. I don't recall what became of that. I know that I left city hall before the last investigation was completed.

Mr. HALLEY. Would it be fair to say that while you were in city hall, nothing was accomplished toward cleaning up the water front?

Mr. O'DWYER. I think that would be most unfair to say that.

Mr. HALLEY. What was accomplished?

Mr. O'DWYER. There was the shaking up of the policemen assigned there, the detectives, and putting them under the leadership of this young man; I think his name was Kennedy; that much was done.

Now, what he achieved, I don't know.

Mr. HALLEY. In other words, while some action was taken with regard to the police, you cannot say that anything was accomplished?

Mr. O'DWYER. I don't recall what was accomplished.

Senator O'CONOR. The committee will now take a 10-minute recess. (A short recess was taken.)

Senator O'CONOR. The hearing will please be in order. Mr. Halley.

Mr. HALLEY. Mr. O'Dwyer, in addition to the others of your friends that we have mentioned, was Irving Sherman also a good friend of Adonis'?

Mr. O'DWYER. I think so; yes. I think he knew him. How well I wouldn't know.

Mr. HALLEY. This morning you were discussing with Senator Tobey the charges made by the grand jury that you had initiated an investigation of the water front and then dropped it. You recall that?

Mr. O'DWYER. Suspended it, yes.

Mr. HALLEY. Well, the suspension turned out to be a permanent suspension; did it not?

Mr. O'DWYER. That wasn't my fault.

Mr. HALLEY. So far as your own period in office was concerned, the water-front question was never reopened?

Mr. O'DWYER. We were busy with the murder cases up to the time that I left for the Army, practically.

Mr. HALLEY. Was it also true that you never had any time to investigate these statements made with relation to Adonis in the Murder, Inc., situation?

Mr. O'DWYER. Did I say that?

Mr. HALLEY. I think you so testified. I think the evidence is that Reles made an informal statement about Adonis, but that it was never followed up.

Mr. O'DWYER. Yes; I think that is true. There was a case back in the 1930's, as I understand it, where a man and a woman were killed, murdered. Reles told us the story, as I recall it—and I again rely much more on the records than on my memory—that before the killing he went with Louis Capone, who was afterward electrocuted, to visit Adonis; that Capone went into Adonis' room, had a conversation with him, and he went in alone; and that when he came out, he left with Reles; that it was his understanding that they talked about the killing of the man and woman with Adonis.

Now, that might or might not be an accurate statement of what he told me. That was the best of my recollection.

Mr. HALLEY. Now, in addition to the Anastasia case, to which we have referred at some length, the question of whether or not Anastasia might have been indicted and whether even after Reles went out the window Anastasia might not have been prosecuted on the strength of the man who drove the car and the little boy's testimony, even without Reles—you remember that?

Mr. O'DWYER. Yes.

Mr. HALLEY. In addition to that Anastasia murder case, were there not a series of extortion and harboring of fugitive cases that might have been brought, but also were just abandoned?

Mr. O'DWYER. They were never brought. Things stopped the minute I went in the Army.

Mr. HALLEY. And they weren't brought before you went into the Army, either?

Mr. O'DWYER. No; there was no time to do it then, Mr. Halley. I had all murder cases then.

Mr. HALLEY. You had how many months before you went into the Army after you had Reles first statement?

Mr. O'DWYER. Well, of course, as far as Reles' statements, they began sometimes in the spring of 1940, maybe in the winter of 1940. I went into the Army in 1942. But in between there was the preparation and investigation of about seven separate murder cases in the city, in Brooklyn, not to count the case in Newark, not to count the case in Nassau, not to count the case in Monticello, and not to count the Siegel case and the Carbo case out there.

Mr. HALLEY. But don't we get back to the same story that there just never was time to get to the higher-ups?

Mr. O'DWYER. Well, we get back to this story, that if we neglected the murder cases and went after extortion cases, I would be answering that question here today, wouldn't I?

Mr. HALLEY. Well, you neglected, or at least failed to prosecute one murder case we know, the Anastasia case.

Mr. O'DWYER. Well, that was absolutely impossible to prosecute, because you first of all didn't have your defendant.

Mr. HALLEY. Well, you could have indicted him, of course?

Mr. O'DWYER. You could have indicted him. But in my opinion that would not be good policy at that time, especially where there was a youngster involved, and where we didn't know when we would be able to put our hands on Anastasia.

Mr. HALLEY. But didn't we settle yesterday that to get an indictment, there was no need at all to use the youngster; and that he needn't have been brought into the matter at all at that stage?

Mr. O'DWYER. We absolutely had to have the youngster in the case of Parisi.

Mr. HALLEY. No. But we are talking about Moish Diamond.

Mr. O'DWYER. That is the murder case.

Mr. HALLEY. And Anastasia. You could have indicted Anastasia without the youngster.

Mr. O'DWYER. That's right.

Mr. HALLEY. And you would have at least had an indictment against the most important man, a man who ruled the water front.

Mr. O'DWYER. What good would that do you?

Mr. HALLEY. When he joined the Army in 1942, while the case was still fresh, he would have been picked up, brought back to Brooklyn, and then there would have been a record on which your successor would have to prosecute.

Mr. O'DWYER. And the main witness against him was dead 9 months.

Mr. HALLEY. You still had the young boy——

Mr. O'DWYER. We did not.

Mr. HALLEY. Why not?

Mr. O'DWYER. Because the young boy didn't see him. The young boy saw Parisi in the middle of the block.

To tie in Anastasia, you had to go down to the corner, and the only one that could do that was Reles.

Mr. HALLEY. I thought the young boy could also do that.

Mr. O'DWYER. No, sir.

Mr. HALLEY. And you had the man who drove the car.

Mr. O'DWYER. Well, all right. A co-conspirator. You had to have independent proof.

Mr. HALLEY. Well, the young boy gave you some independent proof.

Mr. O'DWYER. He would as to Parisi.

Mr. HALLEY. And not as to Anastasia?

Mr. O'DWYER. That is right.

Mr. HALLEY. So that you were wrong when you testified before the grand jury that your successors should have indicted Anastasia?

Mr. O'DWYER. I didn't say that at all. I said they should have continued the investigation and procured what evidence they could.

If they didn't get it for murder, they could get, possibly, for extortion.

Mr. HALLEY. Of course, when the time came you could have gotten this indictment against Anastasia, nobody knew that Reles would go out the window.

Mr. O'DWYER. That is correct.

Senator TOBEY. Mr. Halley, one question.

Mr. Witness, one thought comes to my mind. Again, I am not a lawyer, but why did these fellows in the room with Reles throw him out the window to kill him if they knew there was no other witness, and one witness alone wouldn't be effective in getting an indictment?

Mr. O'DWYER. Why did the men in the room throw him out the window?

Senator TOBEY. Yes.

Mr. O'DWYER. Do you know that they did, Senator?

Senator TOBEY. That is my theory.

Mr. O'DWYER. Have you any facts upon which to base it, sir?

Senator TOBEY. No; only intuition and horse sense. But as you mean, they did throw him out the window——

Mr. O'DWYER. I will not answer the question based on intuition and horse sense.

Mr. HALLEY. Did you ever see the pictures of Reles after he fell out that window, and landed on a balcony some floors below?

Mr. O'DWYER. Yes; I remember seeing some police pictures, I think.

Mr. HALLEY. Do you recall he appeared to be quite a distance away from the building?

Mr. O'DWYER. Yes.

Mr. HALLEY. And there would at least be some inference that a man who was sliding down a sheet, trying simply to climb out of a window on a bed sheet——

Mr. O'DWYER. Trying to get to the window on the floor below.

Mr. HALLEY. Wouldn't have fallen that far away from the building?

Mr. O'DWYER. I was not there.

Mr. HALLEY. But you saw the pictures, did you not?

Mr. O'DWYER. Yes; but I was not there.

Mr. HALLEY. Nobody was there.

Mr. O'DWYER. I am not going to suggest how it happened. I know there were tracks of his shoes on the ledge of the window on the floor below. There were some tracks there, as I recall it.

What force he used to get out from the building, I don't know, but I am not going to swear to things here, Mr. Halley, on any guess.

The facts were as you described them, period.

Mr. HALLEY. At least there is some basis in fact for Senator Tobey's theory. It is not just a theory. There are those who have seen those pictures and feel that a man going out of the window on his own power, unless he took a running jump, could not have gotten that far away from the building; isn't that so?

Mr. O'DWYER. Have it that way. Is that your opinion?

Mr. HALLEY. I am not theorizing. I am trying to establish whether there are some facts from which Senator Tobey's theory might be deduced.

Mr. O'DWYER. I have no sympathy with Senator Tobey's opinion. In my opinion, it didn't happen that way at all,

Mr. HALLEY. I am not asking you to theorize. I am asking you whether there are some facts which might support his theory.

Mr. O'DWYER. Of course, if you ask me, was the body a certain distance from the wall, I wouldn't even answer that, because the record will show how far away it was from the wall. What is the use in having me, years after, come in to get at that when you have the actual measurements?

Mr. HALLEY. Why couldn't you have run out these various indictments for the extortion, the kidnapping, and so forth, and had a list of indictments for all these important criminals?

Mr. O'DWYER. We were working on the murder cases, and there was plenty of time to go into it when the mopping up period came.

Mr. HALLEY. You had no time to go into the water front either?

Mr. O'DWYER. I certainly hadn't at the time I went into the Army.

Mr. HALLEY. Now, with reference to the water front, isn't it a fact that John Amen was vigorously prosecuting the water front at the time you were elected district attorney?

Mr. O'DWYER. I don't recall that.

Mr. HALLEY. Well, the presentment, the first presentment, points out that you were elected district attorney on January 1, or took office on January 1, 1940. I presume that is right.

Mr. O'DWYER. That's right. Nineteen-what?

Mr. HALLEY. January 1, 1940.

Mr. O'DWYER. Right.

Mr. HALLEY. And it then points out that in February of 1940 Amen took jurisdiction over an investigation of certain unions on the water front; is that right?

Mr. O'DWYER. I don't recall that.

Mr. HALLEY. It says that the unions involved in that investigation were the Camarda Local No. 929, and some other unions—some other numbers. Do you recall that?

Mr. O'DWYER. I recall that there were such unions and there was such a man as John Harlen Amen. He was making an investigation into rackets, and there was some question, which I answered yesterday, that came up before Judge MacCrate.

Mr. HALLEY. And that came up concerning a subpoena which Mr. Amen had issued for the books and records of those unions; is that right?

Mr. O'DWYER. That's quite possible; yes.

Mr. HALLEY. And is it not a fact that after some litigation the Supreme Court upheld the validity of the Amen subpoena?

Mr. O'DWYER. That's right. Oh, I didn't know that.

Mr. HALLEY. Is it not also a fact, as recited in this presentment, that—and I think I will have to quote—

that a brother of William O'Dwyer, district attorney of Kings County, recommended an attorney to Emil Camarda to institute supreme-court proceedings to vacate the subpoena for the production of the books and records.

Do you know whether that is so?

Mr. O'DWYER. I don't know how much he recommended an attorney.

Mr. HALLEY. Well, I think there is—I am sure there is—some testimony in the record saying that somebody in the union called your brother, and he said, "Why don't you call so-and-so? I can't handle the case."

Do you remember that?

Mr. O'DWYER. One lawyer to another, that's frequently done. But I don't know whether it happened in this case or not.

Mr. HALLEY. I am not drawing any inferences; I am just reciting the facts. Factually, this is right; is it not?

Mr. O'DWYER. It may be.

Mr. HALLEY. Then, do you recall that the day after the supreme court upheld the Amen subpoena that you instituted an investigation of the water front?

Mr. O'DWYER. I know we called in a lot of witnesses at one time and began to ask the questions about the water front; yes.

Mr. HALLEY. Do you remember that you then asked those same unions for their books and records and they brought them into your office instead of into Amen's office?

Mr. O'DWYER. They brought them into my office. I don't know what contact they had with Amen. I don't recall that at all.

Mr. HALLEY. Of course, Amen had been fighting them in court, trying to get their books, and they were resisting him vigorously; and then, as this presentment says and as the evidence as I read it says, the day, on April 29, the supreme court upheld the validity of the Amen subpoena and directed the production of the books and records of local No. 327 before the Amen grand jury, the next day—to wit, April 30, and before the supreme court order was signed requiring the production of the books and records before the said Amen grand jury—William O'Dwyer, the district attorney of Kings County, instituted an investigation of the Brooklyn water front and the six Camarda locals.

Mr. O'DWYER. The most natural thing in the world, to make that investigation.

Mr. HALLEY. And the books that Amen was fighting about were brought right into your office; is that right?

Mr. O'DWYER. Well, I don't know how.

Mr. HALLEY. But they came to your office; did they not?

Mr. O'DWYER. There were books there, yes; there were some books that were not there because they were burned.

Mr. HALLEY. The books that were brought in were the very books that Amen was trying to get; is that right?

Mr. O'DWYER. I don't know.

Mr. HALLEY. Well, if the grand jury so found, do you contest it?

Mr. O'DWYER. I will accept that. I will accept it for the purpose of this inquiry, without conceding the fact at all. I will accept it and will not contest it.

Mr. HALLEY. The date of the investigation begun by you was, as I have previously said, April 30, 1940; do you recall that? A lot of witnesses were questioned that night.

Mr. O'DWYER. I remember a night about that time.

Mr. HALLEY. About a hundred witnesses were brought in in one night.

Mr. O'DWYER. That's right, a lot of them.

Mr. HALLEY. Do you recall that the investigation continued for 3 days and then, on May 3, a grand-jury proceeding was commenced under Assistant District Attorney Haffenden?

Mr. O'DWYER. I think that is what he testified to. I have no individual recollection of it.

Mr. HALLEY. And that on May 8 there was testimony adduced before that grand jury showing crimes of extortion, larceny of union funds, destruction of union books, falsification of the new union books, kick-backs in wages, all for the benefit of the racketeers?

Mr. O'DWYER. Well, I recollect that, from what they told the assistant prosecutor, there were all kinds of crimes going on down there on the water front and that some of the men were talking about them.

Mr. HALLEY. And do you recall that 2 days later, on May 10—I will read now from the presentment:

Special Prosecutor Amen delivered to District Attorney O'Dwyer all the evidence, including the files of the commissioner of investigation of the city of New York concerning these matters.

Mr. O'DWYER. Yes; he turned over some papers to our office.

Mr. HALLEY. Then do you remember that the presentment states that on May 15, 5 days later, or a day or two after May 15, District Attorney O'Dwyer ordered the discontinuation of the entire water-front racket investigation?

Mr. O'DWYER. That isn't true; ordered the suspension of it while we were working on more important cases.

Mr. HALLEY. Did you, up to June of 1941—is that the date you went into the Army?

Mr. O'DWYER. 1942.

Mr. HALLEY. 1942—order the reinstitution of this investigation?

Mr. O'DWYER. No.

Mr. HALLEY. Your entire investigation was from April 30, 1940, to May 15, 1940?

Mr. O'DWYER. Yes.

Mr. HALLEY. It stopped the Amen investigation?

Mr. O'DWYER. It did not. John Amen was there after I left.

Mr. HALLEY. But the books, the records, the jurisdiction were in your office?

Mr. O'DWYER. Well, he could have had them. He was there for that purpose.

Mr. HALLEY. Not after he delivered it all to your office.

Mr. O'DWYER. Of course, they were there.

Mr. HALLEY. As a practical matter he wouldn't have had a Chinaman's chance.

Mr. O'DWYER. As a practical matter, he would have every chance.

Mr. HALLEY. Why, just—

Mr. O'DWYER. All he had to do was ask for them.

Mr. HALLEY. Just as on May 10 you requested and received from him all the evidence in the matter.

Mr. O'DWYER. That's right.

Mr. HALLEY. Sixty-six exhibits.

Mr. O'DWYER. Yes.

Mr. HALLEY. And according to the presentment, not knowing that you would contest this point, it says:

jurisdiction having thus been taken over by District Attorney William O'Dwyer, Special Prosecutor Amen suspended and closed his investigation.

Mr. O'DWYER. He closed his investigation.

Mr. HALLEY. Isn't it a fact that a special prosecutor is not supposed, under the laws of New York State, to take jurisdiction where a district attorney regularly constituted is doing the job?

Mr. O'DWYER. What was Amen sent there to do except that very thing? Now, I am not raising that point against John Amen, but I am raising it to show that, at any time that he wanted to assert his rights to investigate rackets under his terms of reference, he could have done it. But that isn't the point here, Mr. Halley.

Mr. HALLEY. Of course it is the point, Mr. O'Dwyer.

Mr. O'DWYER. Look, I am not going to waste the time of the committee with useless argument on it. Our office, when they finished the murder cases, should have gone right into a vigorous investigation of those cases. They didn't do it. There was plenty of time for them to do it. They had 3 years before the statute of limitations ran. I was in the Army during that period; and what you are reading from has been something that has been characterized as absolutely a political document.

Mr. HALLEY. You don't deny that you did, when you appeared before the grand jury, after the issuance of the document from which I have just been reading, state to the grand jury that—I better read it:

Question. Now, will you agree with us that we were right in handing up the presentment?

They had first asked you if you had read the testimony, and you said "Yes."

And they said: "Now, will you agree with us that we were right in handing up the presentment?"

And you said: "Yes; I agree that the presentment was fully justified, and I will say so at any time."

Mr. O'DWYER. That's right. But I told Senator Kefauver today I will agree that, on a basis of what was said to the grand jury, it was reasonable for them, under the influences of the district attorney and the time, to make that presentment.

But, where I was wrong was in trying to be judicial in determining the motives of the grand jury, or the district attorney. It would have been a very easy matter for me to say things to the grand jury at that time which I didn't want to say.

Mr. HALLEY. Mr. O'Dwyer, what did the motive of the grand jury or the district attorney have to do with the matter if these facts to which you have just admitted are facts?

Mr. O'DWYER. Yes, but there were other facts that the district attorney could have given them that he didn't.

Mr. HALLEY. What facts would have changed this matter insofar as the investigation of rackets on the water front was concerned?

Mr. O'DWYER. Why, Mr. Halley, we weren't talking about rackets at that time, local rackets along a string of docks. We were talking at that time, 1940 to 1942, about what this senatorial committee is talking about; and that is, national crime, leading out from Brooklyn and ending up in Los Angeles.

We were talking about not extortion; we were talking about murder. That wasn't given to the grand jury, Mr. Halley, I am sure.

Mr. HALLEY. Mr. O'Dwyer, I thought that before this last recess we had developed the fact that the water front is probably the sore spot of New York.

Mr. O'DWYER. Yes; it is very bad. But extortion is not as bad as murder, and it is not as bad as organized murder, and it is not as bad as organized murder throughout the United States.

Mr. HALLEY. And the organized murder was basically one by Anastasia, the water-front boss, and surrounded the water front?

Mr. O'DWYER. All right. He had his part in it; yes.

Mr. HALLEY. And did you not tell Mr. Yavner, when he was down in Mexico with you, that you would stand by that statement to the grand jury, but that you would repeat that the failures and the laxity were not your fault, but the fault of your subordinates?

Mr. O'DWYER. That is what I am doing, isn't it? That's what I am doing.

Mr. HALLEY. That is your position?

Mr. O'DWYER. That is the position I took then, and that is the position I am taking now. There has been no change.

Mr. HALLEY. And you feel that up to June of 1942 there was no laxity on your part?

Mr. O'DWYER. That's right, and that is what Mr. Beldock said a year later, the statement that I read into this record yesterday.

Mr. HALLEY. At this point, Mr. Chairman, I would like to offer in evidence the October 29, 1945, grand jury presentment of the Kings County Grand Jury, and the December 20, 1945, grand jury presentment of the same grand jury.

Senator O'CONOR. They will be admitted in evidence and marked.

(The presentment of the grand jury of Kings County, dated October 29, 1945, and the presentment of the Kings County Grand Jury, dated December 20, 1945, were received in evidence and marked as exhibits Nos. 28 and 29, and are on file with the committee.)

Mr. HALLEY. I have just one other question.

Senator O'CONOR. Mr. Halley.

Mr. HALLEY. Did you understand that a great many of the crimes in the Murder, Inc., were planned at a club called the City Democratic Club?

Mr. O'DWYER. I learned afterward that Anastasia and some of the water-front people did hang out in that club.

Mr. HALLEY. And did you have a good friend who was the president of that club?

Mr. O'DWYER. A doctor, Dr. Thomas, I believe.

Mr. HALLEY. And he was president of that same club?

Mr. O'DWYER. That's right.

Mr. HALLEY. And did he at any time ask you to intercede for any of his friends?

Mr. O'DWYER. No; he never did.

Mr. HALLEY. It was, in effect, the club of Anastasia, Romeo and Mangano, and Bugsy Siegel?

Mr. O'DWYER. I found—I didn't know about Bugsy Siegel.

Mr. HALLEY. I think you testified before the grand jury that Bugsy Siegel hung around there.

Mr. O'DWYER. If I did, I think that is a mistake. He came from Manhattan, here.

Mr. HALLEY. And there was a Mr. Longo who ran the club?

Mr. O'DWYER. Dr. Longo, Dr. Tom Longo.

Mr. HALLEY. He was a good friend of yours?

Mr. O'DWYER. That's right.

Mr. HALLEY. That is all I have.

Senator O'CONOR. That completes the questioning by Mr. Halley.

Are there any other questions? Senator Tobey?

Senator Kefauver?

The CHAIRMAN. First, Mr. O'Dwyer, I have received a telegram with reference to your mention of Senator Tobey with respect to the transaction with Mr. Rosenblatt, and you said you had something in your pocket. That is not properly a part of this hearing, and nobody who knows Senator Tobey can have anything but the highest regard for him. But I think that in order that there shall be no misunderstanding, we will ask you to explain what is in your pocket.

Mr. O'DWYER. It was only—the question that came up yesterday between Senator Tobey and myself was as to funds for election, and the question was, Did Senator Tobey know everyone who contributed to his campaign, and—

The CHAIRMAN. Well, the thing is that you said you had some memorandum in your pocket, I think.

What do you have in your pocket?

Mr. O'DWYER. All I have is a letter from Senator Tobey to a man in New York thanking him for his contribution.

The CHAIRMAN. Mr. Rosenblatt?

Mr. O'DWYER. No; Mr. Selden.

Senator TOBEY. Will you read that letter, please?

Mr. O'DWYER. I would prefer to hand it to the Senator, if you like.

Would you like to see it, sir?

Senator TOBEY. As long as Senator Kefauver asked for it, I will yield my position.

Mr. O'DWYER. This really is making a big point out of colloquy that started in the heat of passion and there is nothing to it.

The CHAIRMAN. I grant you it should not have started, but since you brought it up—

Mr. O'DWYER. Well, there are two sides to a question, sir.

The CHAIRMAN. Yes.

(Mr. O'Dwyer handed a document to the chairman.)

The CHAIRMAN. Well, if I may read the letter, it is as follows:

DECEMBER 5, 1950.

H. L. SELDEN,

11 East Forty-eighth Street, New York 17, N. Y.

DEAR FRIEND: I have been advised by Maurice Rosenblatt of the National Committee for an Effective Congress that you, through that committee, have helped in making contributions possible for my campaign for reelection to the United States Senate. I deeply appreciate your interest and consideration.

With sincere regards,

Cordially yours,

C. W. TOBEY.

I might say that I know the National Committee for an Effective Congress. It is composed of very high minded people interested in trying to help good Members of Congress get elected.

Furthermore, Senator Tobey says he made a contribution. It was a small amount, but there wasn't reason that he should not have made a contribution.

Mr. O'DWYER. That's right.

The CHAIRMAN. As such a man as Mr. Will Clayton, I believe, and many others who are interested.

Senator Tobey, do you want to say anything about that?

Senator O'CONOR. Senator Tobey.

The CHAIRMAN. I mean I had a question or two I wanted to ask.

Senator TOBEY. Is that all you had in mind with reference with the campaign?

Mr. O'DWYER. That's all, sir.

Senator TOBEY. You may not want to answer this question, and if you do not, it's all right with me. You may consider it a personal question, but there is no bitterness in it, sir.

Man to man, have you talked directly or indirectly with Mr. Ed Pauley or Mr. Ed Flynn about me as a member of this committee or about my campaign for the election?

Mr. O'DWYER. No, sir.

Senator TOBEY. And have you talked with Mr. William Loeb, of New Hampshire, or Mr. Powell, my antagonist?

Mr. O'DWYER. I talked to a man who said his name was Loeb, who called me up last night.

Senator TOBEY. He called you?

Mr. O'DWYER. Yes, sir.

Senator TOBEY. I might say, for the benefit of the record, this was not brought to this meeting here by me; but as long as it was raised, I would like to say this:

The campaign that Mr. Loeb is carrying on and will carry on against me is only a concurrence of what went on for a year in New Hampshire. It was a campaign of most extreme vilification, smear, smirch, and slander. It wasn't pleasant to take, but it resulted inevitably in my getting a large majority, and a rebuke to him. But the campaign went on.

Hate is a terrible thing. The poison pen is even worse. I have been the recipient of these things from this man ad infinitum, ad nauseum. So I take it on good faith, and take my inspiration from a higher source, and try to forget it. And I am grateful to you, Mr. Witness, and to the distinguished members of this committee, for clearing the air of this subterfuge.

I want to say in my behalf, I have lived long years and God has been good to me. I am a poor man, and always will be. I still have a burden of debts from the First World War on my shoulders.

But there is one thing I am. I am a free man. And I am willing that anything I ever did or said or wrote should stand in the light of day to anybody, friend or foe alike.

So I welcome these things and pass them on. Let's get on with the hearing.

Senator O'CONNOR. Are there any further questions, Senator Ke-fauver?

The CHAIRMAN. I had one or two questions.

Mr. O'DWYER. I believe you stated that you had full confidence in Miles McDonald, the present district attorney of Brooklyn?

Mr. O'DWYER. Yes, sir.

The CHAIRMAN. The question naturally comes around: Did you talk over the Gross case, the bookmaking case with him when he apparently was struggling pretty much alone in the investigation in Brooklyn—he and some with him—before you termed it a “witch hunt”?

Mr. O'DWYER. No, sir; I didn't know anything about the Gross case when I did term it a “witch hunt.” That broke after I left city hall.

The CHAIRMAN. Did you talk over what Mr. McDonald was doing before you termed it a "witch hunt"?

Mr. O'DWYER. With him?

The CHAIRMAN. Yes, sir.

Mr. O'DWYER. No, sir.

The CHAIRMAN. Don't you think that if a conscientious man like him is trying to carry on an investigation, you should have done that?

Mr. O'DWYER. Oh, I think if I could have done that over, Senator, I would have tried to get closer to what was going on. But I was so honestly sure that the police department was clean. I just couldn't imagine things happening that were disclosed by the McDonald investigation. I had absolute faith in the police commissioners, both of them, and in Murtagh, and I felt that the thing was all right. I was assured that it was all right.

The CHAIRMAN. Mr. O'Dwyer, a number of allegations or bits of alleged information have come to us, to this committee, which I wanted to ask you about in order to get the matter cleared up one way or the other.

With reference to alleged frequent meetings between you and Mr. Sherman, when you were in the service, and which took place in Washington—

Mr. O'DWYER. Yes, sir.

The CHAIRMAN. Did you testify about those?

Mr. O'DWYER. I sought him out very frequently. Every time I went to Washington, I tried to see him.

The CHAIRMAN. Well, were you planning to run for mayor at that time?

Mr. O'DWYER. I was not, sir.

The CHAIRMAN. It is stated that Mr. Marcantonio, that you and Mr. Sherman and Mr. Marcantonio would meet often, and that the purpose was to get Sherman's help, or somebody's help, so that you could run for mayor.

Mr. O'DWYER. No. I met Sherman and Marcantonio several times, but it wasn't for any political purpose.

The CHAIRMAN. At the Hay-Adams house?

Mr. O'DWYER. I stayed there a few times; yes.

The CHAIRMAN. Would you mind telling us what the purposes of the meetings were?

Mr. O'DWYER. Generally social.

The CHAIRMAN. Just general discussion?

Mr. O'DWYER. Yes, sir; social.

The CHAIRMAN. There wasn't any political significance to them?

Mr. O'DWYER. I didn't have any; no.

The CHAIRMAN. Well, was the American Labor Party—you say it backed you for mayor?

Mr. O'DWYER. It did.

The CHAIRMAN. This boy Ryan who has been asked about, you said you don't remember any transactions you had with him at Gracie Mansion?

Mr. O'DWYER. Oh, you mean Crane.

The CHAIRMAN. I mean Crane; yes, sir.

Mr. O'DWYER. No.

The CHAIRMAN. All right, I believe that is all.

Mr. O'DWYER. May I, gentlemen, make one suggestion, or a request:

No. 1, there was a question asked there, Mr. Halley, that had something to do with the length of time between the indictment of Siegel and the time of his trial; what were the requests back and forth between the two district attorneys, Los Angeles and mine.

The answer that I gave was on by best recollection, and what I would like to depend on would be something more firm, and that is the record. I would like to have that stated for the record, sir. That is the best recollection, it is on the best recollection that I answered.

Next, I would like an opportunity to present into the record what the newspapers said about the Murder, Inc., investigation, and the results of it; and the editorial comment. And I ask that because, between political fighting and mudslinging, and general concentration on things like this exhibit here which has been offered—two of them—which are characterized as political documents by Judge Taylor right in the opinion; what he said was tantamount to that—I would like to be able, before the committee closes its hearings, to present any of these documents that I could find that are pertinent to the case.

Senator O'CONOR. Well, as in the case of all witnesses, may I say that anything which you desire to submit for the consideration of the committee, which is pertinent and which, in your opinion, is relevant, we will be very glad to receive and give consideration to, and make a part of, the record.

Mr. O'DWYER. All right, sir, thank you very much.

The CHAIRMAN. Senator O'Conor, before he leaves, may I ask one further question:

We had understood that among the various confessions and signed statements by Reles, that there were some that involved Joe Adonis, and there might have been one in which Frank Costello's name was mentioned, and others of the higher oligarchy. But these confessions have been turned over to the committee, and have been studied very closely.

The particular ones mentioning these men are not available, are not there.

Do you know who took them, or whether such statements were taken?

Mr. O'DWYER. Well, my recollection of that, Senator, was that various assistants and Captain Bals sat down with these men and got as much of their information as they could, and reduced it to writing. And when I left the district attorney's office in 1942, in June, they were in book form, and there were all kinds of them.

The CHAIRMAN. I believe you stated a little while ago that in talking, just orally, with Reles that he did mention Joe Adonis' name.

Mr. O'DWYER. I related an instance that I recall he mentioned it.

The CHAIRMAN. It would seem that if he had mentioned his name that in some of the confessions there would be confessions amplifying that, in that connection.

Mr. O'DWYER. I am sure that that is in there somewhere.

The CHAIRMAN. But for some reason or other, among the records, the names that were brought out of Adonis and others of the so-called upper echelon seem to be missing somewhere.

Mr. O'DWYER. They were there in the district attorney's office when I left. Now, what happened to them since——

Senator O'CONOR. That is all.

Mr. O'DWYER. Thank you very much.

(Mr. O'Dwyer left the hearing room.)

Senator O'CONOR. As in the case of all other witnesses, will you be sworn, please?

Do you solemnly swear that the testimony you shall give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. CORSI. I do.

TESTIMONY OF EDWARD CORSI, NEW YORK, N. Y.

Senator O'CONOR. Will you kindly state your full name?

Mr. CORSI. My name is Edward Corsi, C-o-r-s-i.

Senator O'CONOR. And your residence?

Mr. CORSI. 60 East Ninety-sixth Street, New York.

Senator O'CONOR. I see. Counsel, will you take up the examination, please? Mr. Walsh will kindly take up the examination.

Mr. WALSH. Mr. Corsi, you are presently industrial commissioner of the State of New York; is that correct, sir?

Mr. CORSI. Yes, sir.

Mr. WALSH. That makes you head of the department of labor?

Mr. CORSI. State labor department.

Mr. WALSH. You were the Republican candidate in the 1950 race for mayor?

Mr. CORSI. I was.

Mr. WALSH. Mr. Corsi, you have also held a number of other positions, both in the Federal and State service, have you not?

Mr. CORSI. I have. I was United States Commissioner of Immigration from 1930 to 1934 under both Presidents Hoover and Roosevelt. I was head of the Emergency Relief Bureau of the city of New York under Mayor LaGuardia, and I was commissioner of welfare of the city of New York. Previous to that I was, for almost 20 years, the head of a settlement house on the east side of New York.

Mr. WALSH. Was that in East Harlem, sir?

Mr. CORSI. That is in the East Harlem section of New York.

Mr. WALSH. That was called Harlem House, was it?

Mr. CORSI. Harlem House.

Mr. WALSH. Prior to running as the Republican candidate for mayor, you have also run for some other major offices, have you not?

Mr. CORSI. I ran for the United States Senate in this State in 1938, and when I came out of college several years ago, I ran for the assembly, always with the same luck.

Mr. WALSH. Now, Commissioner, during the last campaign, I believe you made certain charges with respect to the underworld and crime in politics. Would you be good enough to restate those charges?

Mr. CORSI. Could I quote from the speeches that I made during that campaign? Because I think trying to remember the speeches is not as easy as actually quoting from what I said.

I did charge in the last campaign that both of my opponents were candidates of the same system. One was the official candidate of the Tammany system, and the other was the offshoot candidate of the Tammany system who ran under the name of Experience Party.

The substance of my charges in the campaign was that the underworld of New York was supporting both candidates. I charged that the dominant underworld element of this city, headed by Frank Costello and Joe Adonis, Vito Genovese, and others, were supporting

Judge Ferdinand Pecora; and another group of the underworld, headed by a Thomas Luchese Brown, was supporting the Impellitteri candidacy.

I pointed out in that campaign how the split in the underworld over these two candidates went back to 1945, and continued all the way up to 1950.

I have a certain knowledge of the underworld in this city, which grows out of long experience in what Mayor O'Dwyer called yesterday a slum district of New York, where not only the underworld lives but the victims of the underworld, the little people, and during my years as Commissioner of Immigration at Ellis Island, where it was my duty to deport the riff-raff in the United States that came within the clutches of Uncle Sam, I gained an additional insight into the operations of the underworld.

Using this background of experience, my own personal experience, plus the investigations of my staff and my own personal investigations in the campaign—when I say personal, going out into the streets myself through all hours of the night to check on the information that flowed into my office—I was able to piece together this conspiracy against the public interest.

Senator O'CONOR. Mr. Corsi, so that we may be able to follow you, will you be specific?

Mr. CORSI. Well, I am going to.

Senator O'CONOR. Yes; it would help the committee if you will at this juncture get down to the specifications.

Mr. CORSI. I was able to piece together the information that I brought out in my two speeches in the campaign.

Mr. WALSH. Commissioner, with reference to the man that you identified as Thomas Luchese, Tommy Brown, would you tell us exactly what information you had?

Mr. CORSI. Well, let me see now. The information I had about Tommy Brown, aside from his record, was his activity within Democratic circles in this city and his part in the campaign. I had this information from responsible people in this city.

Senator O'CONOR. Well, what information?

Mr. CORSI. My main source of information was from one of the leaders of Tammany Hall known as Bert Stand.

Mr. WALSH. Will you be good enough to tell us just what that information was, Commissioner?

Mr. CORSI. Mr. Bert Stand invited me himself to tell me of this. He said that in 1945, when a candidate for the president of the city council by the name of Davidson was dropped from the ticket, Mr. Tommy Brown went to him at Tammany Hall to urge the nomination of Vincent Impellitteri.

In 1949—well, I have this further information. Mr. Tommy Brown and Mr. Impellitteri met frequently at a restaurant on the lower East Side. They knew each other well.

Senator O'CONOR. Is that of your own knowledge?

Mr. CORSI. Of my own knowledge; yes.

Senator O'CONOR. Did you see them?

Mr. CORSI. I didn't see them, but my investigator saw them in checking with the restaurant people. I think they will readily admit that.

Mr. WALSH. Will you give us the name of the restaurant, please?

Mr. CORSI. Bentivegna's Restaurant, on Houston Street.

Mr. WALSH. Commissioner, did you see any evidence yourself of Tommy Luchese's activity in politics? Did you see out and around?

Mr. CORSI. I think I have only seen—I seen Tommy Brown once in my life, and this was at a dinner given to a Mr. Ed Emmis, Ed Ennis, for whom I have the highest regard, and I am not implicating him in any way, except that Tommy Brown happened to be a guest. He was then an assistant United States attorney in charge of alien security. I was the chairman of the enemy alien board for this district of New York, and on the evening of the dinner, after hearings in this building, I was invited to this party for Mr. Ennis, who was then, insofar as that particular activity of mine was concerned, my chief; and I took with me that night one of my associates, and there, at this dinner, with about 100 people, most of whom I did not identify, there was Tommy Brown. I have never seen him after that or even before that.

Mr. WALSH. Will you fix the date of that dinner, Commissioner?

Mr. CORSI. That dinner was about 1945, preceding Ennis' nomination for district attorney of New York County.

Mr. WALSH. And would you say that was the dinner of a political nature, or was it a social function?

Mr. CORSI. I didn't know exactly what the purpose of the dinner was. I couldn't tell.

Mr. WALSH. Did you see any other people interested in politics present, other than yourself?

Mr. CORSI. Well, I think the only speaker that night in the whole program—I didn't hear him; I came in late—was Judge Jonah Goldstein.

Mr. WALSH. Now, did you yourself or did any of your investigators report to you any activity that Luchese was interested in, primarily himself active in?

Mr. CORSI. My investigators reported to me a very significant meeting held at Duke's Restaurant in New Jersey, attended by—I forget the year on that, so we will be accurate on it. Do you mind if I read from my speech? It is just in the nature of a statement, and the details are brought out clearer.

Mr. WALSH. Go right ahead.

Mr. CORSI. Let us go back about 2 years. Let us cross the Hudson into New Jersey and find our way to one of the most carefully guarded headquarters of the underworld. This headquarters in the town of West New York was a plain-looking restaurant with a brick front, known as Duke's. Upstairs were apartments equipped with wire services for the use of gamblers. Duke's has now been closed, but at the time of which I am speaking it was the hang-out of some of the most sinister characters in America. On that particular night 2 years ago four men came together at Duke's to discuss the coming mayoralty campaign of 1949.

You will remember that Mr. O'Dwyer was then mayor of the city. And the indications were that he would not run again—

The CHAIRMAN. Senator O'Connor.

Senator O'CONOR. Senator Kefauver.

The CHAIRMAN. Mr. Corsi, I didn't understand. How did you get this information?

Mr. CORSI. This information came to me from investigators on my staff during the campaign on tip-offs that would come through the headquarters.

The CHAIRMAN. Well, we try; of course, we want to give everybody the full chance to be heard, and I understand Mr. Halley has told Mr. Impelliteri and also Judge Pecora that they will be welcome to come and also testify before the committee.

But I think the committee wants to avoid, Mr. Chairman, getting into a big local ramble of discussion back and forth on hearsay evidence.

We, of course, do not want to cut off anybody, or prevent anybody from testifying about things that they knew about.

But on the other hand, we do not want charges that are going to involve the committee into a continuing discussion as to who is right and who is wrong.

I just make that observation so that you will be certain your testimony is correct before you give it.

Mr. CORSI. I assure you of that, Senator; and I am here to help the committee.

The CHAIRMAN. All right, then.

Mr. CORSI. And my only purpose is to indicate the influence of—

The CHAIRMAN. We understand that.

Mr. CORSI. Of the underworld in politics. And if I don't read this, I will answer questions.

The CHAIRMAN. Well, you go on.

Mr. CORSI. I say, a meeting was held at which underworld leaders discussed the mayoralty of the city of New York, and agreed at that meeting in 1949 that the candidate of the dominant Tammany faction, backed by the dominant underworld group, was to be Judge Pecora.

And the year before, Judge Mancuso has been mentioned by this committee, one of the leaders mentioned at these hearings, as being a friend of Frank Costello, told me that the candidate agreed upon was Judge Pecora.

Senator O'CONOR. Have you any information as to whether or not Judge Pecora had any knowledge of the meeting at Duke's?

Mr. CORSI. I don't know. I do not charge either Judge Pecora or Vincent Impelliteri of having direct knowledge of these meetings.

Mr. WALSH. And of your own knowledge, you yourself have no knowledge of any of these meetings, independently of your investigators; is that correct?

Mr. CORSI. It is all from my investigators, my staff, and from the information that came to me at headquarters.

Senator O'CONOR. Senator Hunt?

Senator HUNT. No questions, Mr. Chairman.

The CHAIRMAN. How many investigators did you have, Mr. Corsi?

Mr. CORSI. I had three.

The CHAIRMAN. Do you object to giving their names?

Mr. CORSI. I would rather not, Mr. Chairman, but I am perfectly willing to give these names to the committee in private.

Senator O'CONOR. I very definitely want to insist that you give them. You have given to the public the results of their charges against well-known officials of New York, and it seems to me only in the interest of fairness that, having given what these men said about well-known people, and you mentioned the people's names here in New York, Judge Pecora and Mayor Impelliteri, it is only fair and proper that you state who these people are that made the accusations.

Why should they remain anonymous while you disclose the names of people whom they accuse?

Mr. CORSI. I am willing to give the names.

The CHAIRMAN. All right.

Mr. CORSI. A Mr. Slain, a former member of the New York Police Department, at one time attached to the district attorney's office, who is now in Florida; and I think the committee knows who Mr. Slain is, or counsel for the committee knows.

A Mr. Dan Scotty. I can produce his address. I haven't got it here. I didn't think we would get into that.

And a third one whom I can't mention—I don't know the name at this moment, but I can also make that available to the committee.

The CHAIRMAN. They had some charges to make against you too, I believe, didn't they, Mr. Corsi?

Mr. CORSI. In connection with the underworld?

The CHAIRMAN. No. I mean, a lot of charges back and forth, in every direction.

Were any charges made against you? I don't believe there were any underworld—

Mr. CORSI. They charged that I was the Wall Street candidate. I never saw any money from Wall Street, to begin with.

They charged that I had interfered with the civil service in my department.

Purely political charges of that sort. There was no intimation that I had anything to do with the underworld.

The CHAIRMAN. I believe it was Governor Dewey, as I remember, that he made some charges also, did he not, in a general sort of way?

Mr. CORSI. Following the campaign, as much as I could, his campaign, as against my own—I had enough to do with my own—he charged, I think, he referred to the Lynch candidacy as the candidacy of the Flynn-Costello-Tammany machine.

Senator HUNT. Mr. Chairman.

Senator O'CONOR. Senator Hunt.

Senator HUNT. It is now 20 minutes to 5, and I presume we have this witness on the stand to get certain information, to ask him specific questions.

I would suggest that we proceed with those questions, and discontinue this political filibustering, and get this hearing concluded.

I can't see that we are accomplishing anything, that we are covering the water front on New York past election.

Senator O'CONOR. No further questions.

Mr. WALSH. Commissioner, you will furnish the committee with the names of these three investigators?

Mr. CORSI. I surely will.

Mr. WALSH. Thank you, sir.

Senator O'CONOR. Call Frank Costello.

The hearing will please be in order.

Mr. Halley, will you kindly proceed with the examination.

While counsel is getting his papers in order, I want to ask this question, because Mr. Wolf had indicated last week, at the early part of the sessions, that consideration would be given to the presentation of a financial statement by Frank Costello.

At that time you indicated that you may wish time to submit any written brief or otherwise; and just so the matter may be brought up, I

will repeat the question to Frank Costello, as to what is your present financial worth.

Mr. WOLF. I want to concentrate, gentlemen, on the topic that you have just raised in your question, and the very important point of law that's involved.

Now, with your permission, I have prepared a memorandum, and I would like to get it out and refer to it.

FURTHER TESTIMONY OF FRANK COSTELLO, NEW YORK, N. Y.

Senator O'CONOR. Mr. Wolf, I do assume that it is in written form. Is it in brief form?

Mr. WOLF. I have a memorandum, and I would like to argue from it. It isn't in the form that I would like to submit.

Senator O'CONOR. I see. Well, I had assumed that possibly it was in the form of a brief. I was going to suggest that the memorandum be filed and, of course, to be supplemented at a later time in any way that you wish. We didn't expect to have the discussion or argument on it now, because there is another line of interrogation.

Mr. WOLF. All I will say is that I have looked into the question thoroughly and I find authority on the proposition that the witness is well within his constitutional rights in refusing to answer the question on the ground that it would be an invasion of the fifth amendment, would tend to incriminate him, that there couldn't possibly be a waiver here because the witness never testified about that particular topic.

Senator O'CONOR. Very good. Well, Mr. Wolf, it will be recalled that this committee afforded Frank Costello yesterday the opportunity to answer questions which previously had been propounded, except in this one particular, if my memory serves me correctly.

Mr. WOLF. That's right.

Senator O'CONOR. That is the best of my recollection, at least, and it was my intention to do so. This question was not asked, and the reason it is repeated now is that he may have such an opportunity. Is it the committee's understanding that he refuses to answer this question?

Mr. WOLF. Oh, yes.

Senator O'CONOR. Is that right?

Mr. COSTELLO. Yes.

Senator O'CONOR. The committee directs that the witness answer, and there is a refusal, is there?

Mr. COSTELLO. I refuse. I stand on my constitutional rights.

Senator O'CONOR. All right, Mr. Wolf. Anything further on that one point?

Mr. WOLF. Well, except that I had told the committee that I wanted the opportunity of submitting authorities.

Senator O'CONOR. That's right.

Mr. WOLF. I have the authorities here that support our contention. I haven't them in a brief form so as to submit to the committee, but if you care to see it at a later period I will have one prepared and sent in.

Senator O'CONOR. All right, if you will do that and have it submitted in the form of a brief, we will be very glad to have you do so.

Mr. WOLF. Well, in what time period?

Senator O'CONOR. Could it be completed Monday and ready for submission?

Mr. WOLF. Yes.

Senator O'CONOR. All right, then, because, Mr. Wolf, as I stated last week, at least as one member of the committee, I felt it incumbent upon myself to propose that the committee consider citing Frank Costello for contempt for not answering that question. Of course, that still stands, and, of course, your brief will be considered in regard to it.

Now, Mr. Halley, will you take up the examination?

Mr. HALLEY. Mr. Costello, the former mayor of New York City testified here that it was his belief that you supported the candidacy for surrogate of Judge Valente. Will you give the committee the facts insofar as there are any facts relating to your support of Judge Valente's candidacy?

Mr. COSTELLO. Mr. Halley, there is no facts. I never supported Judge Valente.

Mr. HALLEY. Well, did you ever say a few kind words about him to anyone?

Mr. COSTELLO. Never. Never took part.

Mr. HALLEY. Not really never? I mean, you did speak to some people about it, didn't you?

Mr. COSTELLO. I did not.

Mr. HALLEY. Well, do you remember possibly having talked to Judge Mancuso about it?

Mr. COSTELLO. Not to my recollection.

Mr. HALLEY. Do you remember having been asked when appearing before this committee at the closed hearings the following question: "Did you speak to Judge Manusco about it?"

Mr. WOLF. What page, please?

Mr. HALLEY. 6077.

And your answer, Mr. Costello:

We might have spoken, yes. I imagine we might have exchanged thoughts or something, you know?

Mr. COSTELLO. Well, that is not supporting him.

Mr. HALLEY. Well, would that be saying a few kind words for him?

Mr. COSTELLO. No, absolutely not.

Mr. HALLEY. Well, did you tell Judge Manusco you were against him?

Mr. COSTELLO. No, I didn't. I took no part.

Mr. HALLEY. Well, what did you talk to Judge Mancuso about with relation to the surrogate matter?

Mr. COSTELLO. Well, I just don't remember, but I am sure that I didn't look to support him, and I had no kind words for him or anyone else.

Mr. HALLEY. Well, you did talk to Judge Mancuso about it?

Mr. COSTELLO. I am not sure whether I did or not. I might have spoke.

Mr. HALLEY. Well, you were sure a month ago, were you not? Or did you just imagine it?

Mr. COSTELLO. Well, I imagine we might have spoke.

Mr. HALLEY. Well, did you maybe tell him that you favored him?

Mr. COSTELLO. Repeat that.

Mr. HALLEY. Did you maybe tell Judge Mancuso that you favored Valente?

Mr. COSTELLO. No, I don't believe I did.

Mr. HALLEY. Did you favor Valente?

Mr. COSTELLO. No, I took no part.

Mr. HALLEY. Have you changed your mind since February 15th?

Mr. COSTELLO. Well, I will have to change my mind if I made that statement prior to that.

Mr. HALLEY. Well, I asked you then, "Did you favor him?"

You said, "Did I favor him?"

I said, "Yes."

You said, "It made no difference to me."

Is that your position today?

Mr. COSTELLO. That's my position. That's not changing my mind. I favored no one.

Mr. HALLEY. Then what were you talking to these people about?

Mr. COSTELLO. I don't remember what I talked about.

Mr. HALLEY. Did you ever talk to Gene Pope about it?

Mr. COSTELLO. Not to my recollection.

Mr. HALLEY. Well, is it possible that the discussion might have come up?

Mr. COSTELLO. Well, it can be possible.

Mr. HALLEY. Do you remember my asking you, "Did you ever talk to Gene Pope of Valente's desire to be surrogate?"

And your answer, on page 6078, "No, but the discussion might have come up."

Mr. COSTELLO. Well, that's my answer today.

Mr. HALLEY. And I said, "About Valente?"

And you said, "It might have been. I am not even sure."

Mr. COSTELLO. It's my answer today.

Mr. HALLEY. Are there any other people with whom you might have discussed it?

Mr. COSTELLO. Not to my recollection.

Mr. HALLEY. Do you remember having had a meeting at the Biltmore Hotel with Gene Pope?

Mr. COSTELLO. I do.

Mr. HALLEY. And who else was there?

Mr. COSTELLO. As near as I can remember, Mancuso was there; Carmine DeSapio, Gene Pope, and I am not quite sure, Valente might have been there—Judge Valente.

Mr. HALLEY. And what where you all talking about?

Mr. COSTELLO. Well, that was a meeting that Gene Pope had arranged, and he was making some sort of a drive, a charity drive, an Italian drive.

Mr. HALLEY. This was in what year; do you remember?

Mr. COSTELLO. I don't even remember the year, Mr. Halley. Three or four years ago.

Mr. HALLEY. That's right; about 1948?

Mr. COSTELLO. I wouldn't remember the exact year.

Mr. HALLEY. It wasn't in the general public dining room of the Biltmore, was it?

Mr. COSTELLO. No.

Mr. HALLEY. It was in a private room; is that right?

Mr. COSTELLO. Well, I don't know if you would call it—it's a party room, a banquet room.

Mr. HALLEY. For your own party?

Mr. COSTELLO. Yes.

Mr. HALLEY. And what was your part in this charity affair with Carmine DeSapio, Mancuso, and Pope?

Mr. COSTELLO. Well, naturally, he was looking to engage me to help him in that drive, and he asked me——

Mr. HALLEY. What drive was it, Mr. Costello?

Mr. COSTELLO. Well, it was some sort of——

Senator O'CONOR. The audience will kindly refrain from demonstrations so the witness can answer.

Mr. COSTELLO. I don't remember it, because we never went through with it.

Mr. HALLEY. In fact, no charity ever happened; is that right?

Mr. COSTELLO. It never did happen, but I was told if I could get Madison Square Garden or the Polo Grounds—it was a big affair.

Mr. HALLEY. Did you try to get Madison Square Garden or the Polo Grounds?

Mr. COSTELLO. Well, I think that I spoke to Mancuso, and he wrote on the subject.

Mr. HALLEY. Whom did he write to?

Mr. COSTELLO. Madison Square Garden.

Mr. HALLEY. What did you have to go to a lunch with Mancuso, DeSapio, and Pope for, for that purpose?

Mr. COSTELLO. First, he thought maybe I knew Mike Jacobs of Madison Square Garden; that I could get it faster than anyone else. He knew we were friends.

Mr. HALLEY. What did Carmine DeSapio have to do with this charity?

Mr. COSTELLO. Nothing that I know. Everybody had a different assignment, I suppose. That was my assignment, plus that I would have to participate in the charity, in the drive.

Mr. HALLEY. You were to get some money for the charity?

Mr. COSTELLO. Not I in particular.

Mr. HALLEY. Were you to raise it?

Mr. COSTELLO. But to raise it, yes.

Mr. HALLEY. And actually you can't even remember what charity it was; is that right?

Mr. COSTELLO. Offhand, I couldn't, Mr. Halley.

Mr. HALLEY. Now, wasn't that really a political meeting?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. Wasn't it for the purpose of discussing the candidacy of Valente for surrogate?

Mr. COSTELLO. No, sir.

Mr. HALLEY. It came at about that time, did it not?

Mr. COSTELLO. 1948? I imagine it was around that time, that particular year it was, anyway.

Mr. HALLEY. Are you sure that you opposed or were not at all interested in Valente's candidacy, as you said a few minutes ago?

Mr. COSTELLO. No, Mr. Halley. Since the Aurelio case I burned my fingers once and I never participated in any candidates.

Mr. HALLEY. Well, you went further than that in your testimony a few minutes ago. You remember I asked you if you favored him and you said it made no difference to you.

Mr. COSTELLO. Well, is that "favored him"? Is that participating in a campaign?

Mr. HALLEY. It made no difference to you at all?

Mr. COSTELLO. Made no difference to me.

Mr. HALLEY. But you remember when I asked you if the subject did come up would you have favored him rather than opposed him, and you said, "I might have, yes, I might have."

Mr. COSTELLO. Made no difference to me.

Mr. HALLEY. But you might have favored him?

Mr. COSTELLO. I don't know who I might have favored.

Mr. HALLEY. Well, we were talking about Judge Valente, weren't we?

Mr. COSTELLO. Well, I couldn't tell you right now who I might have favored. I might have favored him, yes, might have favored anyone.

Mr. HALLEY. You are on a "might have" basis, but you are talking about a man who was nominated for surrogate, who Mr. O'Dwyer stated had your support, and I think it is up to you to say whether or not, not whether you might have, spoken to several leaders about the candidacy of Valente for surrogate.

Mr. COSTELLO. I don't think I—I didn't agree with Mr. O'Dwyer. I don't think he made that statement. He could have never never made that statement.

Mr. HALLEY. He made it.

Mr. COSTELLO. Well, I can't help what statement he makes. I am making one now.

Mr. HALLEY. He said it created a very considerable turmoil in Tammany Hall, in fact, resulted in a change in leadership.

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. What did you mean a month ago when you said—the question was, "But you might have discussed it with several leaders?" And your answer was, "I might have. The subject might have come up."

Mr. COSTELLO. Just like any other subject that you pick up in a newspaper and you say that "Dewey is running, or somebody." What's the difference?

Mr. HALLEY. So we have to leave this matter that you might have talked to Mancuso about it, and you might have told him about it?

Mr. COSTELLO. In a general way, just like you discuss anything else, but I never participated and I had no interest.

Mr. HALLEY. And you might have favored him?

Mr. COSTELLO. Well, don't put the words in my mouth, Mr. Halley. I don't know just what you mean by that.

Mr. HALLEY. I don't have to. Here are the words you used: "Q. But if the subject did come up you would have favored him rather than to have opposed him?" And your answer was, "I might have, yes, I might have."

Mr. COSTELLO. Well, all right, then we leave it that way. I might have.

Mr. HALLEY. Did you?

Mr. COSTELLO. No, I didn't. The discussion didn't come up.

Mr. HALLEY. The discussion never came up?

Mr. COSTELLO. Well, it didn't come up where they wanted my opinion.

Mr. HALLEY. Did it come up where they wanted your opinion or where they didn't want your opinion? Did the subject ever come up?

Mr. COSTELLO. Not to my recollection.

Mr. HALLEY. You don't remember ever discussing the question of the surrogate nomination?

Mr. COSTELLO. Not in particular.

Mr. HALLEY. With Mancuso?

Mr. COSTELLO. I just don't remember.

Mr. HALLEY. You don't remember?

Mr. COSTELLO. No.

Mr. HALLEY. Do you deny it specifically?

Mr. COSTELLO. No, I wouldn't deny it, no.

Mr. HALLEY. What other judges are there for whom you have said a kind word?

Mr. COSTELLO. No other judge.

Mr. HALLEY. None whatever?

Mr. COSTELLO. No, sir, there was no other judge.

Mr. HALLEY. Of course, there is Judge Loscalzo.

Mr. COSTELLO. Well, what about him?

Mr. HALLEY. Well, you did say a kind word for him, did you not?

Mr. COSTELLO. To whom?

Mr. HALLEY. To Mike Kennedy.

Mr. COSTELLO. I did not. He wanted me to introduce him to Mike Kennedy. It was an introduction.

Mr. HALLEY. When you introduced him, didn't you say that he was a nice young man?

Mr. COSTELLO. Well, I don't know the expressions I used, but it was an introduction. He just wanted to meet Mr. Kennedy.

Mr. HALLEY. But it would be a favorable introduction, would it not?

Mr. COSTELLO. Well, naturally, you are not going to introduce someone that you dislike, or something.

Mr. HALLEY. At that time he was an assistant district attorney, was he not?

Mr. COSTELLO. He was.

Mr. HALLEY. And he was so anxious to get your help that he came all the way out to your golf course to meet you before you played golf, didn't he?

Mr. COSTELLO. I don't know if you call it help. The help was he wanted to meet Mike Kennedy.

Mr. HALLEY. And he came out to the golf course to see you?

Mr. COSTELLO. He wanted some political advice and he thought he could get it from Mike Kennedy and asked me could he meet Kennedy, could I make an arrangement, an introduction, and I said, "All right," and I believe I arranged it and they met. What took place, I don't know.

Mr. HALLEY. He came out to your golf course to see you and ask you for that?

Mr. COSTELLO. That's right; somewhere in Long Island.

Mr. HALLEY. Now, did you ever say a kind word for Judge Lupiano?

Mr. COSTELLO. No.

Mr. HALLEY. He was Dr. Sarubbi's son-in-law, was he not?

Mr. COSTELLO. I believe he was.

Mr. HALLEY. Did you help him to become a judge?

Mr. COSTELLO. I don't believe I ever met the gentleman.

Mr. HALLEY. Do you remember ever talking on the telephone about Dr. Sarubbi's desire to have his son-in-law made a judge?

Mr. COSTELLO. Dr. Sarubbi is dead many years now.

Mr. HALLEY. I know. And this was a conversation many years ago.

Mr. COSTELLO. Well, I wouldn't remember.

Mr. HALLEY. Don't you remember having a telephone conversation in 1943 about Dr. Sarubbi's son-in-law?

Mr. COSTELLO. No. No; I wouldn't remember.

Mr. HALLEY. The fact that he wanted——

Mr. COSTELLO. A proposition that I had 10 years ago, I wouldn't remember.

Mr. HALLEY. It is possible?

Mr. COSTELLO. Anything is possible.

Mr. HALLEY. Well, now, of the present group of leaders of Tammany Hall, I think we went down the list the other day; and I don't want to go down the whole list with you, but I would like to go over some of them that you said you knew, if you have no objection.

On page 6085 of the record, I think we referred to the first assembly district, and there was, of course, Carmine DeSapio, whom you have already testified you know very well.

Mr. COSTELLO. Yes.

Mr. HALLEY. And there is another leader in that district, Harry R. Bell; is that right?

Mr. COSTELLO. Yes. I know Bell.

Mr. HALLEY. And you have known him for over 15 years?

Mr. COSTELLO. I know him quite some time; yes.

Mr. HALLEY. Have you ever had any business with him?

Mr. COSTELLO. No.

Mr. HALLEY. Or with DeSapio?

Mr. COSTELLO. No.

Mr. HALLEY. Only charity affairs; is that right?

Mr. COSTELLO. Well, that was the only particular meeting we had; and that's about all.

Mr. HALLEY. Do you have a friend named James?

Mr. COSTELLO. Beg pardon?

Mr. HALLEY. Do you have a friend named James?

Mr. COSTELLO. James?

Mr. HALLEY. Yes.

Mr. COSTELLO. James what?

Mr. HALLEY. I don't know. A friend to whom you might have said on the phone, "Good morning, James."

Mr. COSTELLO. You are referring now to intercepted telephone conversations?

Mr. HALLEY. Yes, I am.

Mr. WOLF. Well, the witness has instructed me to make an objection to any disclosures of intercepted telephone conversations.

Senator O'CONOR. Will Mr. Halley indicate just under what circumstances the transcription was prepared and delivered.

Mr. HALLEY. Yes. This is another one of the transcriptions prepared under the supervision and direction of the district attorney's office of New York County, pursuant to a court order legally author-

izing the interception and, Mr. Chairman, a similar objection was raised by the witness some days ago, and overruled. And this is simply another objection.

Mr. WOLF. The objection is on the ground that the use is being made now in a Federal investigation.

Senator O'CONOR. That previously has already been considered by the committee, and the ruling is that it is proper for counsel to interrogate on the basis of that transcription.

You may proceed, Mr. Halley.

Mr. HALLEY. Do you remember whether, in the month of July 1943, Dr. Sarubbi was ill?

Mr. COSTELLO. I do.

Mr. HALLEY. And do you remember a friend James who called you up about the doctor?

Mr. COSTELLO. I don't remember that call.

Mr. HALLEY. Well, do you remember saying to James, "Is his being a leader worrying him so much, or is the opposition too much?" And do you remember your friend saying, "He has no more opposition, so maybe his having a son-in-law worries him. Maybe he wants to make a judge out of him."

Mr. COSTELLO. I don't remember the conversation.

Mr. HALLEY. It is possible that it took place?

Mr. COSTELLO. It is possible.

Mr. HALLEY. Now, going to the second assembly district, I believe it is your testimony that you know Vincent Viggiano?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you have known him for some years?

Mr. COSTELLO. A few years.

Mr. HALLEY. Well, as many as five, six, or seven?

Mr. COSTELLO. I don't believe I would go that far back.

Mr. HALLEY. Well, you so testified. Would you like to change your testimony?

Mr. COSTELLO. I don't believe I know him more than about 4 years.

Mr. HALLEY. Well, how long do you think you know Viggiano?

Mr. COSTELLO. About 4 years, I would say.

Mr. HALLEY. About 4 years? He is a cousin of Socks Lanza, isn't he?

Mr. COSTELLO. I believe he is; yes.

Mr. HALLEY. How long have you known Socks Lanza?

Mr. COSTELLO. Oh, I have known him quite some time.

Mr. HALLEY. Now, in that second district, you also know Harry Brickman, and I think we covered that yesterday.

Mr. COSTELLO. Yes.

Mr. HALLEY. He is a good friend of yours?

Mr. COSTELLO. Yes.

Mr. HALLEY. He comes to your home for meals, and so forth?

Mr. COSTELLO. Well, he has been to my home.

Mr. HALLEY. In the third district, do you know—no, in the second district we haven't covered the third leader, Louis De Salvio, and he is Jimmy Kelly's son?

Mr. COSTELLO. Son.

Mr. HALLEY. And we covered him yesterday? Jimmy Kelly was an old friend of yours?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you have known his son for many years?

Mr. COSTELLO. Well, very slightly. I don't know him too well. I knew the father very well.

Mr. HALLEY. And Little Augie Pisano, who is the brother-in-law, you knew him very well, is that right?

Mr. COSTELLO. I would say the son-in-law——

Mr. HALLEY. Well, they are brothers-in-law?

Mr. COSTELLO. Oh, yes; that's right, that's right.

Mr. HALLEY. Now, getting to the third district, I think it appeared that you didn't know any of the leaders of the third district; but in the fourth district, I think it appeared that you knew Michael Klein; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. One of the leaders there?

Mr. COSTELLO. Yes.

Mr. HALLEY. And how well do you know him?

Mr. COSTELLO. Not too well.

Mr. HALLEY. And in the fifth district, do you know Dennis Mahon?

Mr. COSTELLO. No.

Mr. HALLEY. Or Isador Greenberg?

Mr. COSTELLO. No.

Mr. HALLEY. Or Gordon Lynch?

Mr. COSTELLO. No.

Mr. HALLEY. Now, then, we get to the sixth district. Do you know Sidney Moses?

Mr. COSTELLO. Yes.

Mr. HALLEY. And he is a good friend of yours?

Mr. COSTELLO. I know him fairly well; yes.

Mr. HALLEY. Do you know any of the other leaders in the sixth district?

Mr. COSTELLO. I prefer you mention them to me, Mr. Halley.

Mr. HALLEY. Well, you didn't say you did. I was just wondering whether any had come to your mind since your last interrogation.

Mr. COSTELLO. Well, I wouldn't know. You see, there is always a few new leaders——

Mr. HALLEY. You say you know Sidney Moses?

Mr. COSTELLO. Yes.

Mr. HALLEY. He is one of the three leaders in the sixth district; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. I don't think you know the leader in the seventh district, Robert Blaikie; is that right? Or do you know him?

Mr. COSTELLO. No; I don't believe I know him.

Mr. HALLEY. In the eighth district, do you know William J. Connolly?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you have known him for many years?

Mr. COSTELLO. Well, I have known him, yes; quite a few years.

Mr. HALLEY. About 10 years?

Mr. COSTELLO. No; I wouldn't say that.

Mr. HALLEY. You did say that the last time you testified.

Mr. COSTELLO. Well, if I testified to that—I know him, I know him quite some time.

Mr. HALLEY. Well, you sat down to dinner on many occasions in various restaurants?

Mr. COSTELLO. Not many occasions; no, no.

Mr. HALLEY. How many times would you say?

Mr. COSTELLO. Oh, I don't believe I had dinner with him more than once, twice.

Mr. HALLEY. Well, could it be half a dozen times?

Mr. COSTELLO. No.

Mr. HALLEY. Would you like the privilege of rereading your executive testimony, because you seem to be inclined today to cut down on all the facts just a little bit.

Mr. COSTELLO. Well, refreshen my mind.

Mr. HALLEY. You admitted to half a dozen times when you appeared before the committee in the executive session.

Mr. COSTELLO. Dinner, did I say half a dozen times?

Mr. HALLEY. Yes; a meal, let's call it a meal.

Mr. COSTELLO. Well, I might have meant——

Mr. HALLEY. Lunch?

Mr. COSTELLO. A drink or something, you know, met him a half dozen times.

Mr. HALLEY. No. I said, "Have you ever sat down to a meal with him?"

You may remember we were separating out meals, drinks. We did it a lot more slowly the other day than we are doing it now.

The question was: "Have you ever sat down to a meal with him?" And your answer was "Yes." The question was: "How often?" And you said, "Oh, a half dozen times."

Question. At your home?

Answer. No.

Question. Where have you seen him at dinner?

Answer. Oh, maybe at Moore's restaurant, or Gallagher's, or somewhere; maybe in the Copacabana, or somewhere.

Now, does that refresh your recollection?

Mr. COSTELLO. Well, I don't believe—I would say that I met him many times, but I don't believe that I had more than one or two sittings for a meal.

Mr. HALLEY. You want to change your testimony?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, in the tenth district, you know Merli; is that right—John J. Merli?

Mr. COSTELLO. No; I don't believe I know him. I might, but I just don't—I mean I know him, but very slightly.

Mr. HALLEY. But you do know him?

Mr. COSTELLO. Yes. Well, I believe I do know him; yes.

Mr. HALLEY. You have known him for a half a dozen years or so; is that right?

Mr. COSTELLO. Yes. I probably seen him four times in my life.

Mr. HALLEY. Well, you didn't qualify it that way. You bumped into him in public places; is that right—the barber shop at the Waldorf?

Mr. COSTELLO. No; I never seen him at the barber shop.

Mr. HALLEY. What barber shops have you used in the last half dozen years?

Mr. COSTELLO. I have used the Waldorf for 25 years.

Mr. HALLEY. Well, you said you might have seen him at a barber shop or in a restaurant.

Mr. COSTELLO. Well, it might be so.

Mr. HALLEY. Now, on the thirteenth district—you didn't know any in the eleventh or the twelfth, but in the thirteenth you know Angelo Simonetti; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you have known him for about 10 years?

Mr. COSTELLO. About 10 years.

Mr. HALLEY. And on occasion you see him socially?

Mr. COSTELLO. No; not by prearrangements, or anything.

Mr. HALLEY. You have had dinner with him, haven't you?

Mr. COSTELLO. I might have had a few dinners with him.

Mr. HALLEY. And drinks?

Mr. COSTELLO. Yes; if I would meet him in a restaurant or something.

Mr. HALLEY. How about Samuel Cantor in the fourteenth?

Mr. COSTELLO. I know him well.

Mr. HALLEY. He was one of the people at your home for Thanksgiving Day dinner?

Mr. COSTELLO. That's right.

Mr. HALLEY. You are on a very close relationship with him; is that right?

Mr. COSTELLO. Well, I have known him for 30 years.

Mr. HALLEY. Now, then, we get to the fifteenth, and you know Edward J. McClair?

Mr. COSTELLO. I believe I met him once or twice this past 6, 7 months.

Mr. HALLEY. You said you knew him a couple of years, when you testified last time. Which statement shall we believe, Mr. Costello?

Mr. COSTELLO. Well, I believe that you better believe my last statement. I refreshed my mind now.

Mr. HALLEY. Have you ever had a meal with him?

Mr. COSTELLO. One meal.

Mr. HALLEY. Where?

Mr. COSTELLO. Well, I don't know if you would call it a meal.

Mr. HALLEY. You did once, didn't you?

Mr. COSTELLO. Once, yes; I was having dinner and he walked in the Copacabana. I believe I was almost finished when he walked in and he sat down and he had some drinks.

Mr. HALLEY. At that time was he district leader?

Mr. COSTELLO. Yes.

Mr. HALLEY. He joined you at your table for dinner?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you from time to time see him at the Biltmore bar and have drinks with him there?

Mr. COSTELLO. I don't remember if I seen him at the Biltmore bar.

Mr. HALLEY. You did remember that a month ago?

Mr. COSTELLO. Well, it might have been the Biltmore bar. I haven't seen him any too often.

Mr. WOLF. He didn't say so.

Mr. HALLEY. You are not up on your reading today, Mr. Wolf.

Mr. WOLF. 6107. He said "No."

Mr. HALLEY. Are we reading the same thing?

Mr. WOLF. Oh, I am sorry, I am sorry. Can I show it to the witness?

Mr. HALLEY. Yes; I wish you would do something with the witness.

Mr. WOLF. Repeat the question, Mr. Halley.

Senator O'CONOR. Will the stenographer please read the question? (The pending question was read by the reporter.)

Mr. HALLEY. Well, you did testify that you had drinks with him at the Biltmore bar; is that right?

Mr. COSTELLO. Well, I will let that statement stand, Mr. Halley.

Mr. HALLEY. Which one? The one in your previous testimony?

Mr. COSTELLO. My previous testimony.

Mr. HALLEY. Then I will read it. The question was, after you mentioned the Copacabana——

Mr. COSTELLO. I beg your pardon, but——

Mr. HALLEY. Please let me read it, since you asked me to, and then you can say what you want to.

Mr. COSTELLO. Go ahead.

Mr. HALLEY. The question was, "At the Copacabana, you say?"

And then I said, "Any place else?"

And you added, "And I had drinks with him at the Biltmore bar."

Then I asked you, "Do you see him often?"

And you said, "No."

Senator O'CONOR. Now, does the witness desire to state anything?

Mr. COSTELLO. No, I will let that stand.

Mr. HALLEY. Then, of course, there is one more district, and that is the one, the sixteenth, in which there is Francis X. Mancuso, a very close friend of yours; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you know Frank Rosetti there, too?

Mr. COSTELLO. Yes.

Mr. HALLEY. How well do you know him?

Mr. COSTELLO. Well, I have known him quite some time.

Mr. HALLEY. He is a good friend of yours, isn't he?

Mr. COSTELLO. Well, I wouldn't say good friend. I know him.

Mr. HALLEY. You know him well, don't you?

Mr. COSTELLO. I don't know what you call "good friend," you know.

Mr. HALLEY. Well, do you know him well?

Mr. COSTELLO. Yes.

Mr. HALLEY. You have had meals with him?

Mr. COSTELLO. I might have had some meals with him.

Mr. HALLEY. Well, you did. It is getting late, your voice isn't holding up.

Mr. COSTELLO. Well, I know——

Mr. HALLEY. If you had meals with him, you had meals with him. There is nothing to be ashamed of to have meals with a district leader, as far as I know.

Mr. COSTELLO. I am not ashamed of nothing, but I want to be correct. I know there's a lot of technicalities here, Mr. Halley, and I am going to closs my t's and, as I said before to Senator Tobey, dot my i's.

Mr. HALLEY. Well, I am very happy to see you testifying so carefully.

Mr. COSTELLO. I am not in a friendly place. I know that.

Mr. HALLEY. Well, you are not at this moment, I am afraid, as far as I am concerned. Now, continuing, both of us, to cross our t's and dot our i's, did you not have meals with Frank Rosetti?

Mr. WOLF. May he look?

Mr. HALLEY. I don't care whether he looks or he doesn't. He ought to know whether he had a meal with the man.

Mr. WOLF. He made the same answer then as he is making now, Mr. Halley.

Mr. HALLEY. Then he might have had them?

Mr. WOLF. He might have.

Mr. HALLEY. Now I want to know what he means by he might have had.

Mr. Costello, what do you mean by you might have had a meal?

Mr. COSTELLO. Well, I know I met him and I might have had a drink, and you're getting too technical and I don't want to make a mistake and say I just had a drink where I might have had a meal.

Mr. HALLEY. Well, Mr. Costello, would you say in any event that you pretty well covered the waterfront on the list of the leaders of Tammany Hall today, in that you know a pretty good cross section of them?

Mr. COSTELLO. Well, you have all my answers there.

Mr. HALLEY. You know the First, Second, the Fourth, the Fifth, and the Sixth, and the Tenth, in the Thirteenth, the Fourteenth, in the Fifteenth and in the Sixteenth; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. Do you know Arthur Immerman, the treasurer?

Mr. COSTELLO. I believe I met him once or twice.

Mr. HALLEY. Do you know Jimmy Bruno? He is the former Republican leader.

Mr. COSTELLO. Oh, I haven't seen him in 20 years.

Mr. HALLEY. Did you know him?

Mr. COSTELLO. Yes; from up in Harlem.

Mr. HALLEY. Of course, you knew Judge Savarese?

Mr. COSTELLO. Well, I met him.

Mr. HALLEY. You don't mean you met him. He is a very good friend of yours, isn't he?

Mr. COSTELLO. Well, yes. I would say he is a friend.

Mr. HALLEY. You don't want me to pull out those phone taps and go through this the hard way?

Mr. COSTELLO. You have been doing everything the hard way with me, Mr. Halley.

Mr. HALLEY. We can keep it up indefinitely.

But it is a fact, is it not, that Savarese was a very good friend of yours?

Mr. COSTELLO. Well, I would say he is a friend.

Mr. HALLEY. Close friend?

Mr. COSTELLO. Well, he has been to my home.

Mr. HALLEY. Frequently?

Mr. COSTELLO. No. I wouldn't say that. Maybe once or twice.

Mr. HALLEY. Didn't he figure in phone calls during that 1943 period, very frequently?

Mr. COSTELLO. He called me?

Mr. HALLEY. Yes.

Mr. COSTELLO. You would have to refreshen my memory, Mr. Halley.

Mr. HALLEY. Wasn't that nephew of yours, who later went to work for George Morton Levy, working for him?

Mr. COSTELLO. I told you the last time, he is not a nephew of mine.

Mr. HALLEY. Well, he liked to call you Uncle, remember?

Mr. COSTELLO. Yes.

Mr. HALLEY. He was working for Saverisi; wasn't he?

Mr. COSTELLO. I don't believe he ever worked for Saverisi.

Mr. HALLEY. Well, he was with him at that time, associated with him; do you remember?

Mr. COSTELLO. I don't believe he ever worked for him.

Mr. HALLEY. Do you remember, you used to call him the Little Judge; you and he, in your phone conversations?

Mr. COSTELLO. I might have said "The little fellow" or something; yes.

Mr. HALLEY. That is how you referred to him?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you were on very familiar terms, were you not?

Mr. COSTELLO. Well, you may call it that if you wish.

Mr. HALLEY. Well, would you call it that?

Mr. COSTELLO. Yes.

Mr. HALLEY. Between 1943 and 1945, did you see Irving Sherman frequently?

Mr. COSTELLO. I have seen a lot of Sherman.

Mr. HALLEY. During that period, as well as other periods?

Mr. COSTELLO. I would say "Yes."

Mr. HALLEY. He has been one of your very close associates; is that right?

Mr. COSTELLO. Well, he is a good friend; yes. A good friend of mine.

Mr. HALLEY. What business do you have with him?

Mr. COSTELLO. No business at all.

Mr. HALLEY. What is the basis of your relationship?

Mr. COSTELLO. Just a friend.

Mr. HALLEY. Just like each other?

Mr. COSTELLO. That's all.

Mr. HALLEY. Did he ever talk to you about politics?

Mr. COSTELLO. No.

Mr. HALLEY. Did he ever talk to you about the mayoralty campaign in 1945?

Mr. COSTELLO. Not to my recollection.

Mr. HALLEY. Did he tell you that he was working for O'Dwyer in that year?

Mr. COSTELLO. Well, I know he was for O'Dwyer. But I don't go into details with him, in any respect, or remember just what he was doing.

Mr. HALLEY. How did you know he was for O'Dwyer?

Mr. COSTELLO. Well, he was talking O'Dwyer; that's all.

Mr. HALLEY. He was talking O'Dwyer to you?

Mr. COSTELLO. To everybody.

Mr. HALLEY. Including you?

Mr. COSTELLO. Yes.

Mr. HALLEY. What did he say?

Mr. COSTELLO. He thought he would make a good mayor.

Mr. HALLEY. What else did he say? He must have said some more things besides that.

Mr. COSTELLO. I wouldn't remember, Mr. Halley. As I said before, I have had my experience in '43, whether you believe or not. I had met these people, had drinks with them; but I absolutely divorced myself from any participating in politics.

Mr. HALLEY. You have continued to associate very closely with a great many people in politics; have you not?

Mr. COSTELLO. Well, I don't know if you call it associate. If I meet them, I will talk to them and they talk to me; and we will have a drink, or something.

Mr. HALLEY. Well, you had two of them up to your home for Thanksgiving dinner last Thanksgiving; did you not?

Mr. COSTELLO. I have known them fellows for over 30 years; but we never spoke politics.

Mr. HALLEY. What else do district leaders talk but politics?

Mr. COSTELLO. I don't know. Don't you know any of them?

Mr. HALLEY. Doesn't the talk invariably go to politics?

Mr. COSTELLO. Well, if they do, I don't pay no attention to them.

Mr. HALLEY. As a matter of fact, I don't think I ever met any one of them, except Carmine DeSapio, whom I have met recently, when he came up here. I don't think I know any of them, to answer your question; not one.

Mr. COSTELLO. I believe you. Maybe you are better off.

Mr. HALLEY. Mr. Shivitz reminds me that I met one of them at lunch today; he shook my hand. So that makes two of them.

So I don't really know what district leaders talk about. But I have always suspected that when they get together, they talk about their business, which is politics; would that be right?

Mr. COSTELLO. Well, yes; it would be right. But with me they sort of curb their conversation, because they know I am against, I don't want to hear about it no more, since 1943.

Mr. HALLEY. Oh, Mr. Costello; of course, you want to hear about it, don't you?

Mr. COSTELLO. Not particularly. Why should I?

Mr. HALLEY. Well, after the election of 1945, did you not actually send for Hugo Rogers to come up to your apartment and have breakfast, go over the situation with him?

Mr. COSTELLO. No; absolutely not.

Mr. HALLEY. Did he come to your apartment for breakfast?

Mr. COSTELLO. He might have been up there for breakfast.

Mr. HALLEY. Early in 1946?

Mr. COSTELLO. Well, I wouldn't know the year or the month.

Mr. HALLEY. It was right after he was elected borough president; is that right?

Mr. COSTELLO. Well, I wouldn't know if it was before or after.

Mr. HALLEY. And didn't you ask him to stop up and have breakfast with you so that you could congratulate him on being elected borough president?

Mr. COSTELLO. Well, I don't remember the occasion.

Mr. HALLEY. If he so told us, would that refresh your recollection, if you knew you weren't telling tales out of school?

Mr. COSTELLO. No; that would not refresh my recollection. I am saying that he has been up there for breakfast, but I don't even know if I invited him up there or if he came up there with Judge Mancuso, that is, Frank Mancuso. I don't know how the occasion come about.

Mr. HALLEY. No; I think he was up there alone. I think the testimony is that: "I visited his home after I was elected borough president. He had a little party and he wanted to congratulate me, and he said it might be embarrassing if I ask you to stop up and have breakfast, I would like to congratulate you."

Then there was a question: "And on that occasion you went up to his breakfast and took breakfast?"

"ANSWER. That's right."

Mr. COSTELLO. Well, that might be right, but I don't know if he went up alone or with Mancuso, had Mancuso with him.

Mr. HALLEY. And when you were congratulating him on becoming borough president, of course you didn't talk politics?

Mr. COSTELLO. Well, I wouldn't remember the conversation. I might have spoke politics.

Mr. HALLEY. Well, what else would you talk about to the newly elected borough president?

Mr. COSTELLO. Well, nothing of importance that I should remember it, a few years back.

Mr. HALLEY. But you have been telling this committee that since you had your difficulty in the Aurelio case in 1943, you told all your political friends that you didn't want to talk any politics—

Mr. COSTELLO. I had known Mr. Rogers for over 25 years. It wasn't an occasion where just because he was a leader, I sent for him.

Senator O'CONOR. The examination of the present witness will be suspended at this point and will be resumed at 10 o'clock tomorrow morning.

Now, just a moment. The hearing is not yet over.

The CHAIRMAN. Senator Hunt will preside during the rest of the afternoon.

Senator HUNT. The courtroom will be in order.

Mr. Spruille Braden will you please take the witness stand.

Senator HUNT. Do you swear that the testimony you are about to give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BRADEN. I do, sir.

Senator HUNT. The witness is Mr. Spruille Braden, who is chairman of the Anticrime Commission of the State of New York, city of New York.

Do you have some statement to make with reference to Mr. Braden's testimony, Senator Kefauver?

The CHAIRMAN. Well, I just want to say, Senator Hunt, that I have known Mr. Braden for a long time. I have known his work in the State Department and in other functions that he has carried out. He is well known to those of us who have been interested in the formation of crime commissions and the movement of citizens and the organization of citizens' committees to combat criminal conditions, which we think is one of the most effective ways that people can utilize their efforts and find the expression of their desires for good government.

I was delighted when I learned from Judge Liebowitz and Mr. McDonald and others who are instrumental in the creation of this

crime commission, that they had selected so distinguished and outstanding a citizen as Mr. Spruille Braden as their chairman, and that he had agreed to serve.

Mr. Braden has been sitting with the committee during most of our deliberations here in New York. We have cooperated very closely with Mr. Braden and his commission, and the people who have been so active in the sponsorship of it.

I know the committee desires to wish you and the commission well in your endeavors, and we hope and feel that the good people of this great section will give you and your committee the fine cooperation and support that you so richly deserve.

MR. BRADEN. Thank you, sir.

Senator HUNT. Mr. Braden, do you have a prepared statement?

MR. BRADEN. Yes.

Senator HUNT. You may proceed, if you will.

TESTIMONY OF SPRUILLE BRADEN, CHAIRMAN, ANTICRIME COMMITTEE OF NEW YORK

MR. BRADEN. Shall I begin now?

Senator HUNT. Proceed, please.

MR. BRADEN. First of all, Mr. Chairman, both as chairman of the New York City Anticrime Committee and as a citizen, I appreciate the honor very deeply of being invited last week to sit with this distinguished committee and to make this statement today. Your committee merits the gratitude of all decent Americans for exposing to the light of public opinion the shameful connections between criminals and law-enforcement officers throughout the country.

Your committee has helped the average man in the street to realize that the apparently innocent placing of a \$2 bet with a bookmaker when multiplied by the thousands who do it daily is in fact supplying organized crime with huge additional revenues wherewith to corrupt law-enforcement officers, to buy immunity from punishment for all manner of offense, to make drug addicts of our children, and generally to pollute society.

I have watched this committee bit by bit extract from witnesses sordid stories of corruption in this city. My emotions have been mixed, but I am confident that they are typical of all those who by television, radio, and the press have followed events in this courtroom.

We plain citizens have resented the arrogance and impertinence shown before this committee. We have been shocked to hear a city commissioner admit to hobnobbing with gangsters and receiving in his office such loathsome creatures as the so-called policy king.

We have drawn the only implications that can be drawn from these evil associations between the hoodlum and high officials of this great city. Momentarily we have perhaps felt a certain measure of prostration that swift and severe punishment is not meted out both to the gangsters and to venal officials. We are increasingly angered in a cold, reasoning rage because, self-evidently, these racketeers could not have grown rich and powerful as they have if they had not been in complicity with law-enforcement officers. Were it not for this complicity, we realize that these criminals never could have accumulated wealth and influence to a point where they must be consulted on the reorganization of Tammany Hall, or as to who should or should

not be a Supreme Court Justice, or even a candidate for mayor of New York City.

We know instinctively that crime cannot exist on a major scale or on an organized or syndicated basis unless there is something rotten in City Hall.

Finally, we plain citizens are determined to put an end to these outrageous conditions. We are awake at last.

This Senate committee has contributed to this awakening. Its activities should be continued. I voice the ardent wish of thousands of citizens in New York City that it be continued after March 31.

Also, I wish to pass on to this committee and to the television companies the desire expressed in many messages I have received that the more important scenes in these hearings be repeated extensively at night over television for the benefit of those whose occupations prevented their watching during the working hours of this last week.

I have said that the citizens of New York are determined to eradicate corruption. More, we are already under way. On January 31, the 1949 grand jury in Kings County handed up a presentment stating that:

The history of past investigations reveals a sudden relaxation of the public temper when the headlined activities of the malefactors have been filed away in forgetfulness; that public apathy is the fertilizer that nurtures the soil for unbridled graft and corruption.

The grand jury, with the vigorous support of Judge Samuel Lebowitz and District Attorney Miles McDonald, therefore urged the immediate establishment of an entirely new and permanent city-wide crime commission to be supported by public contributions—this body under no circumstances to undertake the business of law enforcement itself. Rather, it must concentrate on purposeful systematic observation of those who are duly entrusted with the conduct of our law enforcement and on keeping the community informed of the results of this observation.

To these ends, within a few hours on the same day, the New York City Anticrime Committee was formed by a group of prominent citizens from the Bronx, Kings, New York, Queens, and Richmond Counties. On the committee are men and women of different creeds, color, and racial origins. They are leaders of industry, labor, education, social organizations, banking, and other callings. Our membership is absolutely nonpolitical and contains no one ambitious for public office.

Our group as a "watchdog" committee will give every support to those law-enforcement officers who are performing honestly and efficiently. If through the meticulous observation by our staff of investigators we find proven cases of ineptitude or worse in the courts, the district attorney's offices, or parole boards, the police or elsewhere, the facts will be presented to the appropriate authorities in order for them to take prompt remedial action. Should they fail to do so, the committee will then go to the public with these facts. In short, the purposes of the New York City Anticrime Committee, as expressed in its certificate of incorporation, are as follows:

To keep continually before all the people of the city of New York the principle that no lasting happiness or prosperity can be established without due respect for law and order.

That crime and vice can be suppressed only by the firm determination of people and consistent action by law-enforcement officers and their superiors.

To give aid to law-enforcement agencies in the proper discharge of their duties. To keep the public continually informed as to conditions showing criminal activities and to promote vigilance in the suppression thereof.

And lastly :

To receive private voluntary contributions to be used solely to effectuate the foregoing purposes.

The New York City Anticrime Committee has established offices at 270 Park Avenue, where information respecting crime conditions in this city will be welcomed, treated confidentially, and investigated by an expert staff.

The New York City Anticrime Committee in zeal and effectiveness will outmatch the crooks and conniving law-enforcement officers. We are in this fight to the finish. We demand and will see to it that there are honest and competent law-enforcement officers throughout the five boroughs.

Senator Tobey, like everyone else who heard you, I was profoundly moved last Wednesday by your eloquent and impassioned plea for a spiritual and religious revival in this country, if crime and corruption are to be exterminated.

So much do I agree with you, that for many years I have at every opportunity, in public addresses and otherwise, declared that the greatest single problem confronting humanity today is the breakdown in morality everywhere, especially in government. Basically, it is precisely this lack of morality which is responsible for communism, aggression, and Russian expansionism, along with all the many other political ills that afflict us in domestic as well as in world affairs. Unless our citizenry, and in particular every one of those who govern and who are charged with law enforcement, get back to morality and common honesty, our other efforts and struggles will be sterile. We will be attacking symptoms rather than the disease itself.

This leads me to another aspect of the crime and corruption situation on which heretofore—so far as I know—there has been little or no comment. I refer to its repercussions on our foreign relations.

Irrespective of whether we want it or no, the mantle of world leadership rests on our shoulders. On how well we wear it depends not merely the fate of these United States, but of civilization itself.

We can only exercise that leadership successfully if we have self-respect and are respected by and enjoy the confidence of other people. For respect, there must be complete integrity and confidence in that integrity by the authorities and peoples on both sides.

I regret to say that we have been losing that respect and confidence of other nations which we formerly held.

Through the years I have been proud, when repeatedly my foreign friends have remarked, "Of course, you have some crime and corruption in the United States, but you keep it at a minimum because you have sanctions. The punishment is swift and sure."

In contrast to these statements of late years, these same friends, pointing to the revolting conditions disclosed by this committee, the Brooklyn grand jury, and other investigations, have commented sadly on our moral deterioration.

One of the outstanding statesmen in this hemisphere, a former ambassador, and president of his country, in effect, told me only a few weeks ago :

The scandalous connivance of the police disclosed by the Brooklyn grand jury is known throughout Latin America. It destroys overnight your efforts to win

the minds and hearts of our people. If dishonesty amongst your officials continues, you might as well forget about the Voice of America and other efforts to keep us on your side. The millions, the millions of dollars you are spending for these purposes will go down the drain unless you get back to your old system of integrity in public life.

Just as the people, and particularly the youth, of a country are prone to imitate their leaders, so a great and powerful country such as ours sets the tempo for others. Thus, the bad example by some of our public officials will be followed elsewhere.

In any event, we cannot rationally protest against corruption abroad, ruining our investments, when there is such blatant corruption right at home.

This means that as corruption spreads, capital will not dare venture into other lands, and the point 4 program which, in large part, must depend upon private investment, will fail.

Just as Caesar's wife must be above suspicion, so any official, directly or indirectly, having to do with law enforcement, must not only be good, but must appear good.

This is imperative from the aspect of our foreign relations. Here at home we may judge the corrupt or indiscreet official as an individual. But to foreigners he represents and typifies the United States. And so this Nation's reputation for integrity may stand or fall by what he does or seems to do.

The loss of moral prestige by the United States, and its repercussions on others, was vividly demonstrated last October when a report issued by an official of a friendly government stated that the bankruptcy and corruption existing in his country have an intimate relation to the American example of racketeering.

One of the phenomena accompanying the breakdown in morality to which I have referred may be stated practically as a law of nature. Just as dictatorships almost always become corrupt, so, conversely, corruption often leads to dictatorship.

This happens because either the crooks and dishonest officials become dictators in order to continue stealing, or there is an armed revolution to throw them out. In the latter case, the resultant chaos and exercise of force, in turn, lead to dictatorship.

This vicious circle has destroyed the Roman and other civilizations, and could do the same to ours if we do not take preventive measures.

In other words, either we must wipe out these mobsters and their political partners, or we will lose our way of life.

Joe Stalin, if he had planned it that way, could not find a speedier and surer way to defeat the democracies than by subsidizing these gangsters and foul politicians. Actually, as I have seen in other countries how closely the gangsters and Communists work together, I sometimes wonder if the Soviet is not, at least in some measure, inciting these vermin to defile our system of law and order.

But whether or not this be so, of one thing we can be sure, the Costellos, Adonises, and the rest of this scum and still more the miserably corrupted law-enforcement officers, are among the Kremlin's best friends and allies. Perhaps, in a sense, they are even more dangerous than the spies, convicted of stealing our atomic and military secrets. After all, by ingenuity and hard work we can compensate for and replace these thefts, but the loss of morality in Gov-

ernment will cause us to lose our self-respect and the respect and confidence of other peoples. From such a catastrophe no nation has ever recovered.

A most important result of the Senate investigating committee's work is that it is demonstrating to the entire world that our democracy is essentially sound and honest, because a bipartisan group of legislators, without fear or hesitation, free from political bias, letting the chips fall where they may, are exposing to the purifying light of public opinion the crime, graft, and bribery which has existed in this and other communities.

The importance of your work, Mr. Chairman, from a purely domestic viewpoint cannot be exaggerated, but I dare to say that in restoring and fortifying our country's position of respected leadership in the world, you and your associates and such bodies as the Brooklyn grand jury, can strike one of the most vital blows required for our defense and the preservation of the confidence in and friendship for us of other nations.

Our citizens are aroused, and an aroused citizenry is irresistible. They will relentlessly demand honest and competent officials who will drive the criminals into prison, out of the country, or into the electric chair.

The New York City Anticrime Committee was formed to help in this work. You may be assured it is at your service at all times, and we hope to join with other crime commissions throughout the country to make this a great national campaign—an unrelenting crusade.

I thank you, sir, very much.

Senator HUNT. Mr. Braden, may I give each of the other Senators an opportunity to compliment you before I do on that splendid presentation? Senator Kefauver.

The CHAIRMAN. Mr. Braden, I just want to say that I received, I think, more inspiration out of your statement than anything that I have heard in a long, long time. But not only from your statement, but from the emphasis and expression and the determination that appears on your face and on the faces of others who have been connected with this splendid movement.

We may, in the Federal Government, be able to pass some laws which will help deter organized and Nation-wide crime. If our people are expecting us to pass laws that will take the responsibility of cleaning up the mess, they are, of course, bound to be badly mistaken, because there is only a very small percentage of it that we can do. But if our work has encouraged groups like yourself to form commissions and has given them any little determination to get in and do the job themselves where it must be done if it is going to be successfully done, why, then I will feel that the work of our committee has been of some value, at least.

We wish you well, and I know that New York is going to be—it is proportionally, in proportion to its population, not as crime-ridden as some other cities; I want to say that now frankly. New York is the nerve center of the United States, or one of the important ones. I know that New York is going to be a cleaner, healthier, more decent, more law-abiding place as the result of the work of you and the people who are associated with you. And I am glad you stressed one other thing, that is, that the job of a crime commission is, as I see it—and I can think of no way a citizen can better spend his money than

to lend his efforts and support to such a commission as you have—but your job is not just to seek out and to expose to the spotlight of public opinion wrongdoing, but, as you so well stated, to give the officer and the public official, and the big percentage of them are good public officials, give the good ones a pat on the back when they do their job well and back them up, see that they have some public appreciation and show them that somebody is on their side.

So we, on this committee, look forward to great developments and much progress by you and the people who are associated with you.

Senator HUNT. Senator Tobey.

Senator TOBEY. I have listened to the statement of Spruille Braden with a great joy in my heart. It seems to me he sounded a wonderful note, a Magna Charta for those of us who detest evil and immorality and crookedness and want to see this Nation a nation wherein dwelleth righteousness.

That paper deserves, and I hope will receive, the widest dissemination. It ought to be sent to every governor of every State, to every mayor of every city, to every anticrime organization in the country.

The least we can do is to put it in the Congressional Record. It is something which breathes the spirit that will save America, as I see it. And so, as I heard you read it, sir, I felt again, and no doubt you felt the same thing and others here, too, that America faces a new day. We must concentrate ourselves to a great cause and sing in the old battle hymn of Onward Christian Soldiers, go out and redeem this old world of ours.

Mr. BRADEN. Thank you.

Senator HUNT. Mr. Braden, I would like, of course, to associate myself with the chairman, Senator Kefauver, and with my colleague, Senator Tobey, in extending our thanks to you for making the statement. Our congratulations on its being such a splendid statement, and because our chairman is such a very retiring gentleman, may I express the thanks of the committee for the kindly reference you made to our work.

Now, I would like, Mr. Braden, if I may, to ask you one or two questions.

Mr. BRADEN. Certainly.

Senator HUNT. You expressed the hope that the life of this committee might be continued. I think I should say to you that there would be no question of the Senate's giving us what moneys we would need. I think there would be no question but that the Senate would extend the life of the committee; but I think I should say to you that it is hardly feasible that Members of the United States Senate should continue their activities traveling around over the United States and attempting more or less local law enforcement. I think you will agree with that statement?

Mr. BRADEN. Oh, yes.

Senator HUNT. With that in mind, Mr. Braden, and with your experience in government, would you have any recommendation to make to the committee that we might incorporate in legislation that would continue such activity on the part of some division of Government?

Mr. BRADEN. Well, Mr. Senator, Senator Kefauver remarked so aptly, we don't feel that there is very much in the way of legislation.

Perhaps, as Miles McDonald indicated in connection with wire tapping, there is something required there.

There may be something in connection with the pleas made by so many of the witnesses who have appeared here, pleading immunity—something along that line. But when it actually gets down to cases, a committee such as I have the honor to head, while I think we can do a great deal of good by demonstrating the spirit of the people—and we already feel that, we sense it in our offices, the members of our committee. I have never, in any public-spirited enterprise that I have been associated with, I have never had such splendid support. The people of the city, at a moment's call, come to our meetings and are ready to go ahead.

Nevertheless, we don't have the subpoena power. We are limited to the expression or the giving of expression insofar as we can to the sentiments of the decent people of this city, the vast majority of the population.

I think one thing that is possible is, for instance, the creation of what has been called permanent grand juries. That is, it has been suggested in Albany that a grand jury would come in and serve 3 months, and then, before the year is out, another 3 months.

I think a permanent grand jury with subpoena power could do a great deal of good.

But where I expressed my desire to see this Senate committee continue is that you have, as I have expressed it, wakened the people of this country. You know how people are concentrating on the stories.

I just read in the paper this morning that the housewives aren't going to the stores, the housewives aren't cleaning the house, or cooking the dinners, and the moving pictures don't get the people in there, because of the public interest in this, because it is so concerned with this committee.

Now, if that could be extended, if somewhat more of the picture could be given in the limited time you have had, if that could be brought forth, I feel a great deal could be done toward making this the national crusade that it is.

Senator HUNT. Mr. Braden, you spoke primarily of a local grand jury. Do you think there is a possibility of your thought being formed into a national living continuing grand jury that would have a function—

Mr. BRADEN. I am not a lawyer. I am an ex-diplomat, and a mining engineer originally. But if the law permits something in the Federal field, too, to permanently be active in such a thing, I think it would be all to the good. In other words, as we do in everything else, hit it at the local level, the municipal, the State and the Federal level.

Senator HUNT. As a word of encouragement to you and your new organization, Mr. Braden, I should like to say that the crime committee of Miami, the crime committee of Chicago, and perhaps maybe one or two other places, has given this committee a tremendous amount of fine information and help as we have traveled over the United States.

Now with reference to your comment about the people staying glued to their television during the last few days: I was in Detroit on Thursday and got the report. All the men were getting home, and no dinner was prepared. It was interfering with the women's bridge games.

Today I had lunch with an old friend of mine at the Bankers Club, and he said that the employees—not the employees exactly; the department heads—were staying home from their banking institutions to listen to television.

Are there any further questions?

Senator TOBEY. No.

Senator HUNT. Mr. Braden, we shall excuse you and thank you very kindly for appearing with your fine statement.

Senator HUNT. I think we should read into the record at this time a telegram that has been received from the National Association of Stevedores, 140 Cedar Street, New York, N. Y.

It is addressed to our chairman, the Honorable Estes Kefauver, and it reads:

The many reputable and long-established stevedoring firms of the country have an unimpeachable record of public service and integrity of personnel. We fear an erroneous and damaging impression could easily be created if the public should associate our industry with the activities of yesterday's water front witnesses. May we respectfully suggest that this communication be read publicly to help offset such an unfortunate impression.

Now I have a telegram I should like to read, and I want to express to the listening audience, wherever they may be, the seriousness, or the import of this particular telegram.

It, too, is addressed to our chairman.

Recalling your kind assistance in making appeal for us last Friday would like request your assistance once more in matter pertaining to wounded in Korea. An urgent appeal for whole blood to be flown to Korea has been issued by Red Cross but apparently New Yorkers are glued to TV sets instead of coming to Red Cross blood donor centers in Brooklyn and Manhattan. Can you urge your audience to take an hour out some time today to visit blood donor centers at 57 Willoughby and Brooklyn or 70 West Fortieth Street, Manhattan so Red Cross can meet immediate needs of our wounded fighting men. If they can't make it today please ask them to telephone their local chapter in Manhattan or Brooklyn and make a date to give blood tomorrow. Your assistance would be greatly appreciated. This appeal is urgent.

RICHARD B. LOOMIS,
Chapter Chairman, Brooklyn Chapter,
American Red Cross.

And now, again because of the extreme modesty of our chairman, I must read a telegram from Nashville, Tenn., addressed to our chairman; and it reads:

Sincerest congratulations to you and your committee for a courageous and monumental job. Your crime investigation has captured the fascinated attention of millions of Americans by means of television. An interesting footnote to this is: National Sales of our Pops-Rite Brand for home popping are up 112 percent in last week. Your TV audience apparently likes to munch popcorn as it hisses the villain. Warmest personal regards and best wishes.

JIM BLEVINS,
"Mayor" of Popcorn Village, Nashville, Tenn.

Senator TOBEY. I think Mr. Blevins should send a sample up to this committee.

Senator HUNT. I should like now to make an announcement:

Your committee has been in constant session since Monday at 9:40. We find, because of press of official duties in our offices in Washington, that we cannot remain here for any indefinite period of time.

We have, therefore, decided to conclude the hearings here in New York City tomorrow, some time before 2 o'clock, that we may return

to our offices, and to further hearings of this committee in Washington on Thursday.

The committee is adjourned.

The CHAIRMAN. Mr. Chairman, just a minute.

I suppose we had better give the time we will take up again tomorrow.

It will be at 9:30 in the morning.

(Thereupon, at 6:10 p. m., a recess was taken until Wednesday, March 21, 1951, at 9:30 a. m.)

INVESTIGATION OF ORGANIZED CRIME IN INTERSTATE COMMERCE

WEDNESDAY, MARCH 21, 1951

UNITED STATES SENATE,
SPECIAL COMMITTEE TO INVESTIGATE
ORGANIZED CRIME IN INTERSTATE COMMERCE,
New York, N. Y.

The committee met, pursuant to the call of the chairman, at 9:30 a. m. in room 318, United States Courthouse, Foley Square, New York City, N. Y., Senator Estes Kefauver (chairman) presiding.

Present: Senators Kefauver and Tobey.

Also present: Rudolph Halley, chief counsel; James Walsh, Alfred Klein, Joseph Nellis, David Shivitz, Reuben Lazarus, Louis Yavner, Arnold L. Fein, counsel, and John McCormick, investigator.

The CHAIRMAN. The hearing will come to order.

Before we start with our first witness, I have two telegrams, or maybe three, which I think I should read.

First, we understand that Mr. Bert Stand sent the committee a telegram desiring to appear and make a short statement in view of the fact that his name was mentioned yesterday.

I think that Mr. Stand is here, and we will give him an opportunity of being heard shortly.

We have a telegram from Commissioner George Fitzpatrick, of Hoboken. Is Mr. Fitzpatrick here? We will give him a chance to appear.

We have a telegram from Elmer Haslett, which is as follows:

Over television today I understood the chairman to state that anyone whose name has been brought into your hearings in an unfavorable light would be given opportunity for correction. My name was brought in by Magistrate Murtagh through innuendo who said, "That is, however, that a year later I turned up a scandal that involved the payment of \$50,000 in the LaGuardia administration to an important city official and I had later reason to believe that I didn't go quite far enough." This statement is so contrary to the legal record that it seems unthinkable that anyone in such a high legal office could possibly have uttered it as it clearly implies graft and dishonesty, and in my opinion was intended to give that impression to your committee. Murtagh knows from the record itself that his charges that I have received \$50,000 from the Gulf Oil Co. for the aviation fuel privilege at Idlewild was so utterly fantastic that to save his own face he had to immediately amend the charge to include some harmless and innocuous charter violation which had been endlessly violated, that is, renting property from the city to which his own people testified that there was no fraud, no dishonesty, but which in itself and by itself is a cause for dismissal. Murtagh knows from the record that his own trial attorney admitted after 6 weeks of hearing that he had found no graft. Murtagh knows that O'Dwyer's attorney in the appeal before the appellate division of the supreme court admitted to questioning by the justices and reported by the New York Times that "There is no question as to Major Haslett's honesty." Murtagh

knows that the supreme court, in apparently reluctantly upholding my dismissal, took the trouble to recognize both my innocence and my honesty in the matter by pointing out that in my case the penalty was severe, but since dismissal had been expressly authorized by the charter, the court was without power to do anything about it. Murtagh knows that when his ridiculous charges were referred by O'Dwyer to District Attorney Hogan for criminal action, that I immediately volunteered to appear, offered to waive immunity. The district attorney commended me publicly for cooperation, and I was never even taken before the grand jury. The truth is that I was railroaded out of my civil-service job won by Nation-wide competitive examination. It is generally believed that O'Dwyer had three reasons—

The telegram is about four more pages, and it will be printed in the record at this point.

In general, he denies that he was guilty of any wrongdoing. He says he made a good record with the LaGuardia administration, and that the innuendo and charges by Mr. Murtagh were not supported and were erroneous. This will be copied into the record in full.

First, being a LaGuardia appointee he could take the public heat off of the current pier scandals involving his appointee Brody and his friend Sanders; second, being responsible for airport safety I had refused in writing to qualify political appointees to airport jobs including a personal appointee of O'Dwyer as airport manager which candidate was subsequently convicted of a felony and sent to Sing Sing; and, third, I made the mistake of honestly answering questions asked by a congressional committee like yourself without "first getting immunity". If you will note my testimony before the House Interstate Committee from February 19, 1947, on air safety I was put on the spot by Chairman Hinshaw with testimony not favorable to O'Dwyer or the labor leaders over Idlewild jurisdictional disputes and while the chairman stated that he did not want to put me on the spot further, nevertheless Mr. O'Dwyer made me walk the plank out of a lifetime job and the loss of pension rights; the most important thing left was my reputation which I defended at great cost and which Murtagh again has put in jeopardy before your committee.

Finally, there can be no better proof of railroading and the utter responsibility of Murtagh's statement that an examination of O'Dwyer's brief filed with the court of appeals where his attorneys stated it was my duty to exercise my right of transfer to the Port of New York Authority even though my name was not cleared and if I had I would have received minor disciplinary action if any (The Port of New York Authority had entered into a contract with the city to take over the airports prior to Murtagh's charges which contract gave all civil-service employees to transfer). Obviously, I would not and did not exercise that right while under a cloud. The truth of the matter and the record so shows is that when I acquired the lease on the Westchester Airport I asked then Mayor LaGuardia to release me, and, in writing, he asked me to stay with the city until the Idlewild operations were under way. The truth is and the record still shows without dispute the Gulf Oil Co. exercised its option to purchase Westchester over my protest.

The truth is and record so shows by the sworn testimony of my superior commissioner, Frederick Reinicke, who O'Dwyer appointed as head of the department, that there was no secret at all about my having my disposed of the Westchester property for \$50,000 and that in fact I had told him about; before again working for the city the trust is, and the record so shows, that during my tenure Gulf Oil Co. received no privileges of any kind from me but on the other hand while associated with Gulf in Westchester I had recommended in writing that the city sue Gulf and the other oil companies operating at LaGuardia for several hundred thousand dollars for aviation-fuel storage facilities since Mr. O'Dwyer has emphasized so strongly his Army service, the importance of and distinguished character of which I do not in any way depreciate, it might be well to state that I had served in World War I as major, being the senior aid to the late Gen. William Mitchell, and was also decorated in combat duty with the Distinguished Service Cross, Silver Star, Purple Heart, and Croix de Guerre. My former record can be found in Gen. H. H. Arnold's book Global Mission, and Who's Who. I hope your committee will give me the opportunity to testify to any of these matters that may be pertinent to your inquiry. If your schedule

so does not permit, I earnestly ask you read this telegram into the record to clear the record. My address is 7007 Groton Street, Forest Hills, N. Y. My residence phone is RO 8-4884, and business phone FA 7-7500.

Respectfully submitted.

ELMER HASLETT.

There is also a lengthy telegram from Walter D. Van Riper, former attorney general of the State of New Jersey. He takes exception to what Commissioner Murtagh said about not taking action when the phone numbers were given to him. He says, in the first place, that there weren't as many numbers given to him as Mr. Murtagh said, and he explains how he says he asked for further information, which was not forthcoming, and he explains what was done and he states reasons for not taking some further action.

Mr. Van Riper's telegram will be also made a part of the record.

Hon. ESTES KEFAUVER,

United States Court House:

I am informed (I did not hear him) that when former Commissioner Murtagh testified before your committee today he said that in July of 1947 he called upon me as the attorney general of New Jersey and gave me several hundred telephone numbers of phones in New Jersey which were being used in connection with bookmaking and that 3 years passed before any action was taken upon that information.

I understand he testified that included in these phone numbers were those of Erickson, Adonis, and Willie Moretti, and further that the failure to act on this information resulted in my not being reappointed as attorney general when my term expired in 1949.

It is difficult to understand how an intelligent gentleman can be so wrong. This telegram is prompted by my belief that your committee is interested in knowing the truth. The facts are somewhat different from the story told by the ex-commissioner. He did visit me at my office in Trenton in 1947; at that time he said that in the course of his investigation he had found that many professional bookmakers operating in New York City as well as some individual gamblers and horse players were making calls from New York to New Jersey phones either for the purpose of making bets with a person at the New Jersey end or soliciting bets from him.

The commissioner said that he was fully aware of the campaign which I had been conducting in New Jersey against illegal gambling and asked me if I would like to have the New Jersey phone numbers which he had discovered were being used in connection with betting. I told him I would welcome them. He thereupon gave me a list. I don't know how many numbers were on it but my recollection is that there were probably a couple of hundred. I asked the commissioner if he would keep me advised in the future if he ran across any more numbers being used for this purpose. He said that he would. He called me not long afterward and said that he had some numbers and I sent a representative to New York to see the commissioner personally and obtain the numbers from him.

I am not sure at this moment but my recollection is that my representative saw the commissioner twice and each time received from him a large batch of such numbers so all together he probably turned over to us several hundred of them.

Up to this point we seem to be in agreement but the ex-commissioner says that no action was taken; again his statement could not be more erroneous.

The fact is that as soon as I received these numbers they were classified by counties. They were all in Essex, Bergen, Passaic, Hudson, and Union Counties with the exception of a very few in Middlesex and they were then immediately transmitted by me for the prosecutors of those counties for investigation and appropriate action.

Remember that Murtagh gave me no evidence, merely the numbers and information that betting was being discussed over those wires.

Some idea of the action which resulted can be gained from the testimony of Commissioner Shiels, Mr. Murtagh's successor who when testifying before a United States Senate committee in Washington (not yours) investigating crime in 1949 said that of the hundreds of phones which had been pulled out in Bergen County by orders of Prosecutor Winnie about 75 percent of them were the phones whose numbers had been given to the New Jersey authorities by the office of the

New York Commissioner of Investigation. Commissioner Shiels in his testimony was entirely complimentary of this action on the part of the Bergen prosecutor.

As a matter of fact when the Governor of New Jersey reappointed Prosecutor Winne in 1949, the prosecutor submitted his files on these very matters to the then attorney general who in turn made them available to the judiciary committee of the State senate which after considering them unanimously confirmed Winnie's appointment. The action of the prosecutors of the other counties affected was to the best of my knowledge based upon their reports to me prompt and effective. Incidentally if the numbers furnished to me included those of Erickson, Adonis, and Moretti I had no information to that effect. Commissioner Murtagh never said so and the list in themselves as I saw them did not contain these names. I can understand that former Commissioner Shiels in defending his own actions and trying to protect the city's administration of which he was a part, and the mayor who appointed him, even though it has to be done at the expense of the officials of a sister State, but I hardly think that home-town pride warrants such an unnecessary departure from the truth if the gentleman has merely taken the time to call the office of the attorney general at Trenton. I am sure that my distinguished successor would have gladly made available to him the files which would have shown him how wrong he was. I am equally sure that these same files will be at the disposal of your committee if you want them. If this isn't enough, a check with each of the prosecutors of the counties concerned will, I am sure, furnish further verification of my statements.

Again when the gentleman from New York made gratuitous observation of New Jersey political life by saying that this action resulted in my not being reappointed attorney general in 1949 he is oh so very wrong. Everyone who knows anything at all about the political affairs of New Jersey knows that the result was determined by the 1946 election long before we had ever heard of Mr. Murtagh and his numbers. If the honorable gentleman had wanted the truth about this, a quick telephone call to the Governor of New Jersey, who appointed my successor, would have given him the facts. In view of the wide publicity which Mr. Murtagh's statement received as testimony I ask that this telegram be read into the record publicly in the same manner as though it came from a witness on the stand. If the committee desires I shall only be too glad to attend and give the same testimony under oath, pleading that my request to have this read into the record will be granted. Permit me to express my appreciation at the fairness of the committee at doing so.

Respectfully submitted.

WALTER D. VAN RIPER.

The CHAIRMAN. Senator Lehman's name was brought into the record last week, into the hearing last week, in connection with gambling at Saratoga; and his staff has called the committee's attention to the State papers for a number of years, beginning in 1938, and I think ending in 1942, when Senator Lehman was Governor of the State of New York.

I want to make reference to the particular pages in the State papers, without reading all of them. They are to this effect:

For instance, in the State papers of 1939, there is a letter to Clarence McElwain, sheriff of Saratoga county, in which the then Governor Lehman said he was referring a complaint brought in about gambling in Saratoga.

As acting governor, I direct you to investigate this complaint.

I am sure that as sheriff of the county of Saratoga you will insist upon the rigorous enforcement of the provisions of the penal law relating to gambling and other criminal offenses.

I will ask that the reference in 1939, page 435, and also 436, be copied into the record.

In the Matter of Alleged Violations of Law in Saratoga County: Lieutenant-Governor and Acting Governor Charles Poletti Communicates with Local Officials in Connection with Complaint Received by him.

LETTER TO ALFRED L. SIMON, DISTRICT ATTORNEY OF SARATOGA COUNTY

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
*Albany, August 2, 1939.*Hon. ALFRED L. SIMON,
District Attorney, Saratoga County, Ballston Spa, N. Y.

MY DEAR MR. DISTRICT ATTORNEY: I am referring to you a complaint which has been received by the Governor alleging the existence of gambling, prostitution, and other violations of law in the county of Saratoga. As Acting Governor, I direct you to investigate this complaint.

I am sure that as district attorney of the county you will insist upon prosecuting any persons who violate the penal provisions with respect to gambling and those who commit any other criminal offense.

Yours sincerely,

CHARLES POLETTI.

LETTER TO CLARENCE McELWAIN, SHERIFF OF SARATOGA COUNTY

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
*Albany, August 2, 1939.*Hon. CLARENCE McELWAIN,
Sheriff of Saratoga County, Ballston Spa, N. Y.

MY DEAR SHERIFF McELWAIN: I am referring to you a complaint which has been received by the Governor alleging the existence of gambling, prostitution, and other violations of law in the county of Saratoga. As Acting Governor, I direct you to investigate this complaint.

I am sure that as sheriff of the county of Saratoga you will insist upon the rigorous enforcement of the provisions of the penal law relating to gambling and other criminal offense.

Yours sincerely,

CHARLES POLETTI.

LETTER TO JOSEPH DOUGHERTY, COMMISSIONER OF PUBLIC SAFETY OF SARATOGA SPRINGS

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
*Albany, August 2, 1939.*Hon. JOSEPH DOUGHERTY,
Commissioner of Public Safety, Saratoga Springs, N. Y.

MY DEAR COMMISSIONER: I am referring to you a complaint which has been received by the Governor alleging the existence of gambling, prostitution, and other violations of law in the county of Saratoga. As Acting Governor, I direct you to investigate this complaint.

I am sure that as commissioner of public safety of the city of Saratoga Springs you will insist upon the rigorous enforcement of the provisions of the penal law relating to gambling and other criminal offense.

Yours sincerely,

CHARLES POLETTI.

NOTE.—Each of the above-mentioned officials replied to the Governor, stating that the complaint had been investigated and that these investigators would continue. They reported that no violations of law had been found.

The State papers for 1940, pages 557, 567, and 575 will be made part of the record.

(The pages referred to were as follows:)

LETTER FROM THE GOVERNOR TO HON. CHARLES P. SULLIVAN, DISTRICT ATTORNEY
OF QUEENS COUNTY, CONCERNING BOOKMAKING AT THE AQUEDUCT RACE TRACK

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, June 17, 1940.

HON. CHARLES P. SULLIVAN,

District Attorney of Queens County, Jamaica, Long Island, N. Y.

MY DEAR MR. DISTRICT ATTORNEY: I am advised that the State racing commission has received reports that some bookmakers have been operating surreptitiously at race tracks during the spring meetings just closed.

Since the enactment of the pari-mutuel law, bookmaking at the race tracks is a penal offense. I am therefore requesting the local law-enforcement officials in the counties and cities where race tracks are located to take all necessary steps to enforce the penal law.

For that purpose, you, as district attorney of Queens County, may request and should receive full cooperation from the racing associations and their employees.

I have addressed a similar communication to the police commissioner of the city of New York and the sheriff of Queens County requesting their cooperation.

I should appreciate receiving reports from time to time during the progress of the Aqueduct meetings.

Very sincerely yours,

HERBERT H. LEHMAN.

STATEMENT BY THE GOVERNOR CONCERNING COMPLAINT ALLEGING THE EXISTENCE
OF GAMBLING AND OTHER VIOLATIONS OF LAW IN SARATOGA COUNTY

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, July 24, 1940.

I requested District Attorney Alfred L. Simon of Saratoga County, Sheriff Clarence McElwain of Saratoga County, and Dr. Arthur Léonard, commissioner of public safety of Saratoga Springs, to appear at my office this morning in connection with a complaint received by me alleging the existence of gambling, prostitution, and other violations of law in Saratoga County.

I insisted upon the vigorous enforcement of the provisions of the penal law with respect to gambling and other criminal offenses. I was assured by these officials that they would vigorously enforce the law.

STATEMENT OF THE GOVERNOR CONCERNING COMPLAINT ALLEGING THE EXISTENCE
OF GAMBLING AND OTHER VIOLATIONS OF LAW IN WARREN COUNTY

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, August 27, 1940.

I requested District Attorney Fred M. Beckwith and Sheriff Edgar J. Baker, of Warren County to appear at my office this afternoon in connection with a complaint received by me alleging the existence of gambling, prostitution, and other violations of law in Warren County.

I insisted upon the vigorous enforcement of the provisions of the penal law with respect to gambling and other criminal offenses. I was assured by these officials that they would vigorously enforce the law.

The CHAIRMAN. Looking over these hurriedly, they seem to be directions to the district attorney and to the sheriff to vigorously prosecute the law and prosecute anyone guilty of gambling in Saratoga, saying that the Governor would hold them personally and officially responsible in case they did not.

Then, in 1941, in the State of New York public papers, there are messages on pages 548, 553, and 554 that will be made a part of the record. Page 553 seems to be a typical example.

Governor Lehman sent the following letter to Doyle, district attorney of Saratoga County, and Leonard, the commissioner of public safety of the city of Saratoga Springs:

Reports have come to me indicating that gambling is being carried on in Saratoga County contrary to law.

If any gambling establishments are now being operated, I insist that they be closed. They must be closed immediately—not in a few weeks or days—and they must be kept closed.

If there is any failure on your part to enforce the laws of the State with regard to gambling I will hold you officially responsible.

(The papers referred to were as follows:)

LETTER FROM GOVERNOR TO THE DISTRICT ATTORNEY AND SHERIFF OF SARATOGA COUNTY AND THE COMMISSIONER OF PUBLIC SAFETY OF THE CITY OF SARATOGA SPRINGS RELATIVE TO ALLEGED GAMBLING IN SARATOGA COUNTY

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, August 11, 1941.

Governor Lehman has today sent the following letter to Hon. John F. Doyle, district attorney of Saratoga County; Hon. Clarence McElwain, sheriff of Saratoga County; and Dr. Arthur J. Leonard, commissioner of public safety of the city of Saratoga Springs:

"Reports have come to me indicating that gambling is being carried on in Saratoga County contrary to law.

"If any gambling establishments are now being operated I insist that they be closed. They must be closed immediately—and in a few weeks or days—and they must be kept closed.

"If there is any failure on your part to enforce the laws of the State with regard to gambling I will hold you officially responsible.

"HERBERT H. LEHMAN, *Governor.*"

STATEMENT BY THE GOVERNOR CONCERNING COMPLAINT ALLEGING THE EXISTENCE OF GAMBLING AND OTHER VIOLATIONS OF LAW IN SARATOGA COUNTY

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, July 16, 1941.

I request District Attorney John F. Doyle, of Saratoga County, Sheriff Clarence McElwain, of Saratoga County, and Dr. Arthur J. Leonard, commissioner of public safety of the city of Saratoga Springs, to appear at my office this afternoon in connection with a complaint received by me alleging the existence of gambling and other violations of law in Saratoga County.

I insisted upon the vigorous enforcement of the provisions of the penal law with respect to gambling and other criminal offenses. I was assured by these officials that they would vigorously enforce the law.

LETTER FROM THE GOVERNOR TO THE DISTRICT ATTORNEY AND SHERIFF OF WARREN COUNTY RELATIVE TO ALLEGED GAMBLING IN WARREN COUNTY

STATE OF NEW YORK,
EXECUTIVE CHAMBER,
Albany, August 13, 1941.

Governor Lehman has today sent the following letter to Hon. Fred M. Beckwith, district attorney of Warren County, and Hon. Edgar J. Baker, sheriff of Warren County:

"Reports have come to me indicating that gambling is being carried on in Warren County contrary to law.

"If any gambling establishments are now being operated I insist that they be closed. They must be closed immediately—not in a few weeks or days—and they must be kept closed.

"If there is any failure on your part to enforce the laws of the State with regard to gambling, I will hold you officially responsible.

"HERBERT H. LEHMAN, *Governor.*"

The CHAIRMAN. I am very glad to make reference to these, and they will be treated as though the full text were read. Of course, we cannot have any unfair insinuations against any public officials.

I have a telegram from James Mangano which has been handed to me to read. It is as follows:

In testimony given by Ambassador William O'Dwyer in the late afternoon, March 20, 1951, you asked among other questions in referring to the City Democratic Club of the third assembly district, substantially the following question: "Did you know that this club was run or controlled by Anastasia, Romeo, Dr. or Mr. Longo, and Mangano?"

Appreciating your earnestness and desire to be fair, I trust that you will publicly announce that the Mangano referred to is not me. I am the Democratic State committeeman of the eighth assembly district, Kings County, former member of assembly of this district, former sheriff of Kings County, and an official of the supreme court, Kings County. My congratulations to you and the Kefauver committee for a splendid public service. Yours for fairness.

JAMES MANGANO.

This telegram was addressed to Mr. Rudolph Halley, counsel for the committee.

I am very glad to make this correction, and am very glad to show that the James Mangano is not the Dr. Longo or the James Mangano referred to by Mr. O'Dwyer.

This telegram will be made part of the record.

Here is a message from Gerald Chambers, attorney for I. Spiewak, 51 Chambers Street, New York City:

Telegram from a Mr. Rockmore leaving the impression that Spiewak was barred from Wright Field. Mr. Chambers would like correction to be made. Telegram completely untrue.

I. Spiewak & Son is a Jersey manufacturer, doing business over 45 years. They were manufacturing merchandise throughout World War II. They were accepted contractors.

We have had quite a number of letters and telegrams with reference to the matter of the pardon or the parole of Lucky Luciano; also as to the testimony that has been brought out by the State enforcement officials as regards the gambling at Saratoga. These issues have been left somewhat up in the air. We issued an invitation to Governor Dewey to come down and make any explanation he wanted to about the matter, if he wished to do so. We received a telegram which was read into the record yesterday that it wasn't possible for him to come down and invited the committee to come to Albany.

We appreciate greatly the invitation. It is manifestly impossible for us to go to Albany. As a matter of fact, we have hearings scheduled that have been scheduled for quite a while at Washington at 10 o'clock in the morning. So we will try to get through here as early as possible.

I do feel that these matters should be settled, and I think it is unfortunate that they have been left in the air. Governor Dewey has not seen fit to come down and give us the information, but we have made a practice of not summoning or commanding or requesting governors to come down.

We would not only be glad to hear Governor Dewey at any time while we are here, but that is probably impossible. But we will have hearings Thursday and Saturday, and about 3 days the first of next week in Washington, and if he would like to come to any of those hearings, we would, of course, be very glad to have him with us with reference to these questions and to any others that may come up. In the absence of that, if he wishes to present any communication to the committee, we like to treat everybody just the same. We would like to have some word or some information which would not leave these matters hanging in midair.

On yesterday, Mr. Corsi testified. I think the situation is that all three of the mayoralty candidates who made charges back and forth were invited to come before the committee and tell what they said, and substantiate the charges that they made.

Mr. Corsi came in. We want to extend, we said, we would be very glad to hear Judge Pecora or Mayor Impellitteri if they wanted to come in.

In the view of the chairman, the testimony of Mr. Corsi was not very satisfactory. He had charges which were based upon investigations that he had made. We are not passing upon whether the charges were true or false, or anything about them. I did feel that there should be some further substantiation.

So that before determination is made as to what will be done with this testimony, as to whether it will be left in the record, I have asked the staff of the committee to furnish the committee with any information they have available as to what Mr. Corsi said, so we can determine whether it is substantial enough testimony to remain in the record.

It is very difficult to prevent hearsay testimony. We don't go by the strict rules, but we do not want to have charges made and any damage done to anyone unless there is substantial testimony back of it.

If Mr. Pecora or Mayor Impellitteri wish to come in and have anything to say, we will, of course, be very glad to hear them immediately, if they wish.

Senator Tobey, do you have any comments before we get started?

Senator TOBEY. No, sir; thank you. I am ready for Mr. Costello.

The CHAIRMAN. Is Commissioner Fitzpatrick here? He asked yesterday to be heard. We would like to hear him at this time, if he is here.

Mr. Marshal, will you see if Mr. Fitzpatrick, or also Mr. Bert Stand is here.

I understand Mr. Stand is here. Mr. Stand, you have been sworn previously, but we will swear you again.

Do you solemnly swear the testimony you give the committee will be the whole truth, so help you God?

TESTIMONY OF BERT STAND, LEADER, FOURTH ASSEMBLY DISTRICT, NEW YORK CITY, N. Y.

The CHAIRMAN. Mr. Stand, the chairman had not gotten your telegram, but we had a message you had sent a telegram and you wanted to have something to say, and we are glad to afford you this opportunity.

Mr. STAND. I would like to read a brief statement.

The CHAIRMAN. All right, sir.

Mr. STAND. As a born New Yorker, I have always taken an active interest in politics. My father for many years before me was an active organization Democrat and he left to his family a heritage of loyalty of which I am justifiably proud.

I entered public life at the age of 23 by appointment of the late Gov. Alfred E. Smith to the New York State Athletic Commission, and held that office for 19 years. I value highly the friendships I formed and the record I made as secretary of the commission, serving under former Postmaster General James A. Farley and the late Brig. Gen. John J. Phelan. With pardonable pride, I claim the authorship of the famous "no foul rule" in boxing and wish it could be applied to politics.

In 1934, at the age of 33, the late James J. Dooling designated me as secretary of Tammany Hall. I was reelected for six successive 2-year terms serving my party under the leaderships of Mr. Dooling, Congressman Christopher D. Sullivan, Michael J. Kennedy, and Edward V. Loughlin.

In the few months following William O'Dwyer's election as mayor, in 1945, information reached me through various sources relating to certain false, defamatory, and slanderous statements concerning Edward V. Loughlin, Clarence Neal, and myself. In addition, it appeared that a systematic smear campaign was being carried on contrived to injure and hold us up to public contempt and disrepute. I very unwisely followed my first inclination to ignore these unfounded attacks, either instigated or inspired by Mayor O'Dwyer as something said in the heat of a political discussion. I felt that it might perhaps have been motivated by a very shrewd plan to divert attention from something else and because I always placed party harmony above all, I subjected myself to this unnecessary vilification.

Those who recall the campaign of 1945 will remember that O'Dwyer won the election despite the serious charges leveled against him by his opponent publicly and in the press, which even to this date remain unanswered by him.

There is no doubt that O'Dwyer assumed office under a certain cloud and he craftily sought every opportunity to build himself up in the public estimation as a crusader to induce the public to forget the grave political charges made against him and the abrupt termination of the grand jury investigation concerning his official conduct as district attorney of Kings County.

Mr. Loughlin, Mr. Neal, and I loyally supported O'Dwyer in his candidacy for mayor. He asked for and received our support. Even in the face of the outspoken opposition to his nomination by Edward J. Flynn and the late Frank V. Kelly, leader of his own organization, we successfully advanced his candidacy and worked vigorously for his election.

It is any man's privilege to disagree with any person, group, or organization, whether they supported or opposed him, but to those who follow the political scene, O'Dwyer's actions were always confusing, contradictory, and irrational. He changed the leadership in Tammany Hall almost as often as he changed his mind. The public however, was apparently misled by all his artful double talk into be-

believing that O'Dwyer sought to reform the organization when actually his only objective was to control it.

And he did control it. With the aid of his current cronies at the time, he forced a change in leadership in 1947 and Frank Sampson became an innocent beneficiary of O'Dwyer's strange political maneuverings. In rapid succession, came Hugo Rogers and Carmine DeSapio. In his 5 years as mayor, O'Dwyer was for and against anybody and anything dependent upon his queer temperament.

The first duty of any political organization is the election of its chosen candidates and all its efforts should be used to attain that desired result. In 1943, Judge Aurelio was nominated for the supreme court. It was later charged that Frank Costello aided in his nomination. District Attorney Hogan conducted a thorough grand jury investigation; an open hearing was held before the late Judge Sears, the result of which is now a public record. Judge Aurelio was elected and is serving with great distinction on the bench. I was one of the several party officials questioned. I stated that I made known the progress that Judge Aurelio was making in getting the nomination to persons interested, among whom was Costello. Some people criticized me for doing this. In my many years as secretary of Tammany Hall, I always tried to serve my party to the best of my ability. I met people in all walks of life. Any information passed on by me to others was with the full knowledge and consent of the leader of Tammany Hall. For this I make no apologies.

It should be pointed out at this time that the late leader, Congressman Kennedy, introduced me to Costello shortly after Kennedy's election as leader and that I was secretary of Tammany Hall for almost 9 years prior to that and served under several leaders before Mr. Kennedy's selection and before I met Costello.

In the time that has elapsed since I met him in 1942, he has never asked me to do anything politically for him. As an Italian, he probably felt a natural interest in seeing the candidacy of another of the same racial ancestry advanced.

For the past 16 years I have been the de facto leader of the fourth assembly district. In November 1950, I was unanimously elected the actual leader. That district enjoys the enviable reputation of being the banner Democratic district in the State, as the yearly results attest in the elections—city, state, and national. I was born there and expect to spend my remaining years there serving my friends and neighbors of a lifetime. To them—and no one else—am I beholden. I owe them as well as my family this explanation. In the light of your counsel's most considerate statement that a witness before your committee must not be regarded as a defendant, I submit that merely knowing a person or persons does not mean association with them and that in the field of politics a great number of persons could be linked to a common purpose without necessarily being involved with one another in any sinister sense.

Now, one word regarding Mr. Corsi. Regarding Ed Corsi's campaign speech, which he tried to deliver until restrained by your committee, here are the facts:

I did not seek him out; Corsi accompanied by Joe Lilly, of his campaign committee, visited my brother's apartment and arrived just before the dinner hour late one October afternoon during the 1950 campaign.

Another gentleman, a friend of my brother's, besides Corsi and Lilly, were present. We all had a drink and I believe Corsi and Lilly did not stay more than 20 minutes.

Naturally, we all talked politics, and Corsi suggested that perhaps I could throw some light on a speech he was preparing for radio broadcast in which he attempted to assail both Tammany candidates, as he termed them. He asked me questions about Luchese, particularly whether he brought our mayor, Vincent Impellitteri, to Tammany Hall in 1945.

I distinctly told him that such was not the fact, that if he heard any such rumor it was utterly false.

Corsi also complained of the lack of interest that Governor Dewey was taking in his, Corsi's campaign. I most emphatically denied giving Corsi any aid or comfort in his campaign and regarded the causal meetings referred to as completely without any significance whatever.

Hell has no fury like a defeated candidate. If Corsi wants to smear me by insinuating that I was sympathetic to his abandoned candidacy, it is most revealing to look at the record. In my district, the fourth assembly district south, Corsi received 1,018 votes out of 20,000 votes cast. He finished last. No other leader can make that statement.

Here are the facts and figures, not hearsay. Pecora, 12,750; Impellitteri, 4,136; Ross, 2,206; and Corsi, 1,018.

The CHAIRMAN. Mr. Stand, we are glad to have you come in and make this statement.

Do you have anything else you wish to say?

Mr. STAND. No.

The CHAIRMAN. Do you have any questions?

Mr. HALLEY. As long as you are here, Mr. Stand, there is one matter I would like to clear up.

Mr. STAND. Yes.

Mr. HALLEY. Mr. Stand, do you remember having been to a Mr. Costello's apartment on one occasion when William O'Dwyer was there?

Mr. STAND. Yes.

Mr. HALLEY. Do you remember having appeared before this committee and testified about it at some length?

Mr. STAND. I did.

Mr. HALLEY. At an executive session?

Mr. STAND. That's right.

The CHAIRMAN. Mr. Stand, will you please speak up a little bit?

Mr. STAND. Yes, I do.

Mr. HALLEY. Now, would you like to relate the story as you remember it, or would you like to answer questions?

Mr. STAND. Well, as I explained to you at the executive meeting, I met Congressman Kennedy that day at the New York Athletic Club late in the afternoon—

The CHAIRMAN. I don't understand. Where did you meet him?

Mr. STAND. At the New York Athletic Club, at Fifty-ninth Street and Central Park South.

The CHAIRMAN. The New York what?

Mr. STAND. The New York Athletic Club.

The CHAIRMAN. Oh, the New York Athletic Club.

Mr. STAND. Yes; and he told me he was going to a cocktail party at Mr. Costello's house and asked me to join.

Mr. HALLEY. You were not invited by Mr. Costello?

Mr. STAND. No; I was not. I even pointed out to him that I wasn't, and he said, "Come along anyway."

Mr. HALLEY. But you did testify that apparently he was invited?

Mr. STAND. He intimated it was a cocktail party, and asked me to join.

Mr. HALLEY. Go ahead.

Mr. STAND. I went with him. What is your further question?

Mr. HALLEY. What happened when you got there?

Mr. STAND. When I arrived there, Mr. Costello was there, of course, and General O'Dwyer, and I believe the names of Judge Savarese and Irving Sherman were brought out at the executive hearing.

Mr. HALLEY. You remember they were there; is that right?

Mr. STAND. Yes, yes.

Mr. HALLEY. Was it a business meeting, or a party at which people were having drinks and hors d'oeuvres?

Mr. STAND. That is all it seemed to me, nothing but a cocktail party where drinks and hors d'oeuvres were served.

Mr. HALLEY. A social gathering, as far as you could see?

Mr. STAND. Yes.

Mr. HALLEY. What was the conversation about?

Mr. STAND. Well, it is difficult to say just what the conversation was. Everybody talked to each other; rounded off.

My best recollection is that General O'Dwyer would seem to be having most of his conversation with Judge Savarese.

Mr. HALLEY. But you were all in a group; is that right?

Mr. STAND. Yes. All banded together, in a close group.

Mr. HALLEY. And you were talking about the recent campaign; is that right?

Mr. STAND. Yes, yes; the 1941 campaign; late lamented 1941 campaign.

Mr. HALLEY. Was there any talk about Army matters?

Mr. STAND. Not in my presence.

Mr. HALLEY. Or of any investigation that O'Dwyer was conducting?

Mr. STAND. I didn't hear any.

Mr. HALLEY. Do you know whether or not O'Dwyer and Costello had a separate conversation? Did they go aside for any time?

Mr. STAND. Not while I was there. When I got there, they were already there. It may have happened before I got there.

Mr. HALLEY. How long were you there after you arrived?

Mr. STAND. Not too long. My best recollection is, it was around cocktail hour, and then we went to dinner.

Mr. HALLEY. You arrived with Kennedy?

Mr. STAND. Yes.

Mr. HALLEY. Was Sherman already there?

Mr. STAND. Yes.

Mr. HALLEY. And Savarese?

Mr. STAND. Yes.

Mr. HALLEY. Costello?

Mr. STAND. Yes.

Mr. HALLEY. And——

Mr. STAND. My best recollection, Mr. Halley, is that we were the last arrivals.

Mr. HALLEY. You two were the last to arrive?

Mr. STAND. Yes.

Mr. HALLEY. You just sat around having cocktails and hors d'oeuvres?

Mr. STAND. Chewed the rag.

Mr. HALLEY. And the discussion was primarily on the subject of the last campaign, as you recall it?

Mr. STAND. Yes. I mean, they were talking about it; O'Dwyer and Savarese.

Mr. HALLEY. Mainly, the conversation was between O'Dwyer and recently elected Judge Savarese?

Mr. STAND. That's right; that's right.

Mr. HALLEY. Where did you go to dinner; do you remember?

Mr. STAND. We all went to the Copacabana for dinner.

Mr. HALLEY. You don't recall, do you, whether or not O'Dwyer went?

Mr. STAND. I can't recollect that he did.

Mr. HALLEY. It was your recollection that the rest of the party went down to the Copacabana?

Mr. STAND. My best recollection is yes.

Mr. HALLEY. And as far as you can remember, O'Dwyer and Moran may have gone elsewhere?

Mr. STAND. I am not so sure even that Jim Moran was there. But I understand he has since been placed there, so I will go along with that.

Mr. HALLEY. If he was there, he didn't take any active part?

Mr. STAND. As far as I can remember; no.

Mr. HALLEY. Is there any doubt in your mind about the fact that you had cocktails and hors d'oeuvres?

Mr. STAND. I didn't have too many that I could forget that.

Mr. HALLEY. There is no doubt in your mind that Mike Kennedy expected to be going there for a few drinks; that is just what he told you?

Mr. STAND. He asked me to go there and join him; yes.

Mr. HALLEY. Was Mike Kennedy surprised when he found Major O'Dwyer there?

Mr. STAND. I don't think I am qualified to say whether he was or not.

Mr. HALLEY. Well, did he act surprised?

Mr. STAND. I don't—I don't recall that, Mr. Halley. It happened so long ago. But I know when we got there they were there.

Mr. HALLEY. They were there, things just went on normally?

Mr. STAND. That's right. It didn't take long for the cocktail party to get organized.

Mr. HALLEY. No further questions.

The CHAIRMAN. Senator Tobey, do you have any questions?

Senator TOBEY. No questions.

The CHAIRMAN. That is all, Mr. Stand.

Mr. STAND. Thank you very much.

The CHAIRMAN. Has Commissioner Fitzpatrick come in?

Call Mr. Costello.

The CHAIRMAN. We have been advised that one witness today, Albert Anastasia, who has been here for a number of days and has

been ill part of the time, is in St. Mary's Hospital in Passaic, N. J., with running conjunctivitis and other difficulties which his doctor says make it impossible for him to testify today.

We will check further with the medical authorities out there and, if necessary, have an examination of our own made. But apparently, from the description of his doctor, he is not in very good shape. So his testimony taken in executive session is going to be relaxed today, if it is not possible to get him in, and then we will probably ask him to come back, to come to Washington after the latter part of the week or next week.

FURTHER TESTIMONY OF FRANK COSTELLO, NEW YORK, N. Y.

The CHAIRMAN. Let us try to finish with Mr. Costello as soon as we can do so conveniently.

Mr. HALLEY. Mr. Costello, what business enterprises are you now engaged in? I think you have already mentioned the Beverly Club, and we have gone into that somewhat completely.

Mr. COSTELLO. At present I am engaged in that jet broiler.

Mr. HALLEY. Just the Beverly Club and the jet broiler?

Mr. COSTELLO. At present; yes.

Mr. HALLEY. I think you mentioned that the Beverly Club takes in effect practically none of your time; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. All you do is talk about it to your friends, and if you see a good act somewhere in a night club, you recommend it to the Beverly Club; is that right?

Mr. COSTELLO. Yes; I believe I explained that.

Mr. HALLEY. It is my recollection that the broiler company also takes none of your time; is that right?

Mr. COSTELLO. Well, it is in its infancy. We just started it.

Mr. HALLEY. You left the whole thing to Mr. Wolf; isn't that right?

Mr. COSTELLO. Practically, right now; yes.

Mr. HALLEY. I mean, without going into the details unless you feel it necessary, you didn't really even know what kind of a broiler it was?

Mr. COSTELLO. Yes; I have seen the broiler, and I think it is the finest broiler made.

Mr. HALLEY. Well, you remember that you didn't know what kind of an electric element it had. Mr. Wolf had to tell you. Do you remember that? You remember, it was one of these——

Mr. COSTELLO. Well, I believe I have seen the broiler and I was sold on it.

Mr. HALLEY. Well, you have seen it——

Mr. COSTELLO. Well, I am not a mechanic and I can't explain works.

Mr. HALLEY. It is one of those infrared broilers?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you didn't know about that until Mr. Wolf explained it to you?

Mr. COSTELLO. No; I had it explained to me, about the Diesel.

Mr. HALLEY. Well, we will get your testimony. We have it all marked up. Do you remember first saying you had never been to the office of the broiler company at all, Mr. Costello?

Mr. COSTELLO. Yes; I remember saying that.

Mr. HALLEY. And that was so, wasn't it?

Mr. COSTELLO. Yes.

Mr. HALLEY. And then do you remember that I asked you about the broiler, and you said, well, you thought it was very practical for a home?

Mr. COSTELLO. That's right.

Mr. HALLEY. And I asked you why, and do you remember that you said, "You can place it anywhere you want"? Do you recall that?

Mr. COSTELLO. I do recall.

Mr. HALLEY. And do you remember when I asked you if there was any particular quality or characteristic of the broiler that appealed to you as contrasted to all the other broilers on the market, well, you said:

The broiler itself. I like the way it is made up and the way it looks. It is compact. What else do you want me to tell you? It is an investment I am making and I have got confidence in it.

Do you recall that?

Mr. COSTELLO. Yes.

Mr. HALLEY. And then I said:

Isn't there any particular quality that this one has that made you decide to invest in the broiler business and go into competition with all of the other broiler manufacturers?

and your answer:

I don't know what you are trying to get at. You are getting a little too technical for me. I don't know how to answer you.

Do you recall that?

Mr. COSTELLO. I do.

Mr. HALLEY. Then I asked you:

How is it practical?

And then you said:

I just told you, it is small, and you can lay it on the table, and you can lay it on the table regardless of how small the apartment is.

Then I asked you:

What type of heating element has it?

And your answer was:

Electric, electric ray, is it not, George?

And you were referring to Mr. Wolf. And Mr. Wolf said:

Infray ray.

And then you said:

Infra ray; yes.

Do you recall that?

Mr. COSTELLO. Yes.

Mr. HALLEY. And then I asked you, "What are the special qualities of an infra ray broiler; do you know?"

And your answer was, "I would not know."

Have you since found out what are the special qualities of the broiler that you are backing?

Mr. COSTELLO. Mr. Halley, I don't believe you gave me a chance to find out. I've been so busy with this committee that I didn't—ever went into it again.

Mr. HALLEY. So, you have, I think, a half-interest in a broiler, or a third interest, is that right—33 percent?

Mr. COSTELLO. That's right. No, I believe it's 35 percent.

Mr. HALLEY. And the company makes this infra ray broiler?

Mr. COSTELLO. That's right.

Mr. HALLEY. But you don't know what an infra ray broiler is and how it is different from any other broiler?

Mr. COSTELLO. Well, I am not an expert at broilers, but I liked the proposition.

Mr. HALLEY. Well, Mr. Wolf liked the proposition. Isn't that what it really gets down to?

Mr. COSTELLO. Well, it's all right. Maybe his advice is all right for me.

Mr. HALLEY. Now, how much of your time have you devoted to any legitimate enterprises in the last 2 years?

Mr. COSTELLO. Well, I told you what I did for the Beverly, and I've been up in Mr. Wolf's office inquiring, making suggestions about a building.

Mr. HALLEY. You did have the building at 79 Wall Street from about 1942 to 1950, when it was sold; is that right?

Mr. COSTELLO. I don't believe so.

Mr. HALLEY. What are the facts?

Mr. COSTELLO. I imagine in 1944.

Mr. HALLEY. In 1944 that you bought it?

Mr. COSTELLO. Yes; around 1944.

Mr. HALLEY. That's right. And you had it until 1950?

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. That took practically none of your time because you had a managing agent running the building; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. It was just an investment?

Mr. COSTELLO. That's right.

Mr. HALLEY. Like the broiler company—simply an investment?

Mr. COSTELLO. No. The broiler company I intend to spend much of my time in that particular enterprise.

Mr. HALLEY. I don't see how you can possibly help them if you don't even know what kind of a broiler it is.

Mr. COSTELLO. Well, I'm going to find out what it's all about.

Mr. HALLEY. How long ago did you make this investment?

Mr. COSTELLO. Oh, just a month ago, or something.

Mr. HALLEY. Or more than that? You testified at the executive sessions February 15, did you not? And you had already made that investment.

Mr. COSTELLO. Well, it can't be more than 2 months.

Mr. HALLEY. You said you made it about 2 weeks before you testified. So it would be about the 1st of February; is that right?

Mr. COSTELLO. So it would be a month and a half.

Mr. HALLEY. That's right. And you still haven't had time to find out just what you bought?

Mr. COSTELLO. No.

Mr. HALLEY. But it is your only legitimate business at this time?

Mr. COSTELLO. I would say "Yes." Of course, I have a trading company that I started, and the first time I get a chance I'm going to spend my time at it.

Mr. HALLEY. What is this trading company?

Mr. COSTELLO. A realty trading company.

Mr. HALLEY. Is that a new company?

Mr. COSTELLO. A new company.

Mr. HALLEY. When did you start that?

Mr. COSTELLO. May I refresh my mind—the time?

Mr. HALLEY. Well, you may, as long as it really appears on the record that you don't know without asking Mr. Wolf.

Mr. COSTELLO. A few months.

Mr. HALLEY. A few months ago?

Mr. COSTELLO. Yes.

Mr. HALLEY. And what is the name of that company?

Mr. COSTELLO. Trading Realty Co.

Mr. HALLEY. And who are the directors?

Mr. COSTELLO. Well, Mr. Wolf is one.

Mr. HALLEY. Anyone else?

Mr. COSTELLO. Well, offhand I couldn't remember. Mr. Wolf drew up the papers.

Mr. HALLEY. A corporation has to have at least three directors. Are you a director of your own company?

Mr. COSTELLO. Yes.

Mr. HALLEY. Well, now, we have two. Do you know who sits on the board with you as the third director?

Mr. COSTELLO. Mr. Nathanson, I believe.

Mr. HALLEY. Davidson?

Would you like to correct it, Mr. Wolf?

Mr. WOLF. Mr. Nathanson has nothing to do with that company.

If I may explain what that company is—I have done that before—it was a—

The CHAIRMAN. Mr. Wolf, get closer to the microphone. We can hardly hear you.

Mr. WOLF. That was a realty corporation in name that was organized for the purpose of Mr. Costello's negotiating for the purchase of a piece of real estate some time ago. Outside of the fact that the corporation was formed by filing a certificate of incorporation, the corporation hasn't operated as such. It did not purchase any real estate, and it has—as a matter of fact, nothing has been done.

Mr. HALLEY. So you would hardly agree with your client that it is a business, legitimate or otherwise, just a piece of paper?

Mr. WOLF. I would say that it is a corporation organized to purchase a piece of real estate that was then had in mind and nothing came of it, and the corporation has not been liquidated and it still exists in law as a corporation.

Mr. HALLEY. But it is completely inactive?

Mr. WOLF. Inactive, except for the purpose, if Mr. Costello ever intends to purchase a piece of real estate through that corporation, it is in existence for that purpose.

Mr. HALLEY. But it has no real estate at the present time?

Mr. WOLF. It is not an active real estate corporation as such.

Mr. COSTELLO. Mr. Halley, the reason I made that error about Nathanson, I thought you were still on the subject of the broiler.

Mr. HALLEY. What other legitimate businesses or enterprises do you have?

Mr. COSTELLO. At present, none.

Mr. HALLEY. Well, you have some oil investments, do you not?

Mr. COSTELLO. Yes.

Mr. HALLEY. Would you tell the committee about that?

Mr. COSTELLO. Well, I have a little interest in an oil well, an oil field.

Mr. HALLEY. How did you happen to get into that oil field?

Mr. COSTELLO. I believe I explained that before, Mr. Halley; through Mr. Erickson.

Mr. HALLEY. You met him one morning in the barber shop in the Waldorf?

Mr. COSTELLO. One morning, he told me he had made an investment in oil leases.

Mr. HALLEY. He just casually mentioned it to you in the barber shop; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. And he said you could get into it with him if you wanted to?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you said, "Fine"; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. He didn't explain anything about it to you at all, did he?

Mr. COSTELLO. No; just a blind investment on my part.

Mr. HALLEY. You were playing a hunch?

Mr. COSTELLO. That's right.

Mr. HALLEY. You had no facts whatsoever?

Mr. COSTELLO. No.

Mr. HALLEY. You mean to agree with me when you say "No"; is that right?

Mr. COSTELLO. Well, I had no facts on the actual wells or the field.

Mr. HALLEY. No reports, nothing?

Mr. COSTELLO. No, not at the time, no.

Mr. HALLEY. In effect, you were just gambling with Erickson?

Mr. COSTELLO. That's right.

Mr. HALLEY. And the next morning you brought about \$4,000 in cash down to the Waldorf?

Mr. COSTELLO. Around them figures, \$3,800, \$4,000; I just don't remember.

Mr. HALLEY. And you gave it to Erickson?

Mr. COSTELLO. That's right.

Mr. HALLEY. Who else participated in this oil business with you?

Mr. COSTELLO. Well, I believe there's Mrs. Uffner has an interest, a fellow named Breuil, Ryan, Erickson—that's as near as I can remember offhand.

Mr. HALLEY. Is Uffner in it?

Mr. COSTELLO. Mrs. Uffner.

Mr. HALLEY. Mrs. Uffner. And George Uffner is one of your old friends, is he not?

Mr. COSTELLO. Yes, I know him quite some time.

Mr. HALLEY. He is a man with a, I think, prison record for forgery; is that right?

Mr. COSTELLO. Well, he was arrested and convicted.

Mr. HALLEY. Yes. Has he been associated with you in any gambling enterprises?

Mr. COSTELLO. No.

Mr. HALLEY. But you know him to have been in certain gambling enterprises, do you not?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. You know him to have been in certain gambling enterprises?

Mr. COSTELLO. No; I don't know nothing about him, outside I play golf with him once in a while.

Mr. HALLEY. Well, he is a good friend of yours, isn't he?

Mr. COSTELLO. Yes.

Mr. HALLEY. What does he do for a living?

Mr. COSTELLO. I wouldn't know. I don't ask questions.

Mr. HALLEY. Do you know whether he has any legitimate occupation?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. Doesn't he ever talk about his business?

Mr. COSTELLO. No. We never go into that.

Mr. HALLEY. Just take care to avoid that subject?

Mr. COSTELLO. No. I am not looking to avoid it.

Mr. HALLEY. Are you willing to state under oath that you do not know in what occupation George Ufner is engaged, or has been engaged, within the last 3 years?

Mr. COSTELLO. Well, I wouldn't know. Now you are trying to make me guess.

Mr. HALLEY. No.

Mr. COSTELLO. Under oath, you are trying to make me guess.

Mr. HALLEY. Didn't he ever tell you?

Mr. COSTELLO. Well, I knew, he told me that he gambled, and so forth; make a bet on a horse, or some sort of a sport.

Mr. HALLEY. I am not asking you to guess. I am asking you to state whether, from him, from being told so by him, or being told so by anyone else, or actually seeing what he did, you didn't know that he was in the gambling business.

Mr. COSTELLO. Well, I don't know him to be in the gambling business, outside of making a bet; if you call that gambling business.

Mr. HALLEY. You don't know him to have had an interest in any gambling establishment?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. And to your knowledge—

Mr. COSTELLO. Not that I could remember.

Mr. HALLEY. And you have no knowledge from his telling you, or anyone else telling you, of what his business is?

Mr. COSTELLO. That's right.

Mr. HALLEY. Now, he has been helpful to you on occasion, has he not?

Mr. COSTELLO. I can't see in what way.

Mr. HALLEY. You have a home in Sands Point, do you not?

Mr. COSTELLO. That's right.

Mr. HALLEY. In whose name is the telephone at that home?

Mr. COSTELLO. Well, when I bought the home, Mrs. Costello bought the home, rather, we couldn't get a phone. They were not releasing any phones at the time.

So they said, if you can get someone to transfer their New York phone, or any phone.

So, on the golf course I talked to Mr. Ufner, and he says, "Well, you can have mine."

Mr. HALLEY. It is a long story. So in any event——

Mr. COSTELLO. What's wrong about it, Mr. Halley?

Mr. HALLEY. I said "long."

So that is how Mr. Ufner's name happens to be the name in which your telephone at Sands Point is registered?

Mr. COSTELLO. Absolutely right.

Mr. HALLEY. Have you given Mr. Ufner any money in the last 3 years?

Mr. COSTELLO. No.

Mr. HALLEY. Does he work for you?

Mr. COSTELLO. No.

Mr. HALLEY. Has he ever worked for you?

Mr. COSTELLO. Never.

Mr. HALLEY. Do you know for whom he does work?

Mr. COSTELLO. I don't know. I wouldn't know.

Mr. HALLEY. How did he happen to make the investment in the oil field with you?

Mr. COSTELLO. I imagine he made it the same way I did, through Erickson.

Mr. HALLEY. Well, did you ever talk to him about it?

Mr. COSTELLO. Yes, we spoke about it.

Mr. HALLEY. And did he tell you how he got into it?

Mr. COSTELLO. I believe he told me he got in through Erickson, the same way I did.

Mr. HALLEY. He is a good friend of Erickson's?

Mr. COSTELLO. Yes.

Mr. HALLEY. But you didn't talk him into it?

Mr. COSTELLO. No.

Mr. HALLEY. Now, who of the other people who are in on this oil investment, do you know?

Mr. COSTELLO. Well, I am going to blow my larynx answering the same question, Mr. Halley. I just named four or five of them.

Mr. HALLEY. But how many did you know? I think you mentioned that you never knew Breuil before?

Mr. COSTELLO. That's right.

Mr. HALLEY. He just writes you letters about the investment?

Mr. COSTELLO. Yes.

Mr. HALLEY. But you don't know him?

Mr. COSTELLO. I don't know him.

Mr. HALLEY. He is the man who manages the syndicate? Is that right?

Mr. COSTELLO. I don't think so. I think it is the King Oil Co.

Mr. HALLEY. Who manages it? Who writes you the letters about it?

Mr. COSTELLO. I believe my checks come from the King Oil Co.

Mr. HALLEY. And where did you get the letters, or where do you get the letters when you are asked to invest more money for further development work?

Mr. COSTELLO. At my home.

Mr. HALLEY. Who sends those to you?

Mr. COSTELLO. The same company.

Mr. HALLEY. Doesn't Breuil actually handle the investment?

Mr. COSTELLO. I don't believe he does. I wouldn't know.

Mr. HALLEY. Just the King Oil Co.?

Mr. COSTELLO. That's right.

Mr. HALLEY. Now, who is Ryan?

Mr. COSTELLO. He is an oil man.

Mr. HALLEY. And is he a man you have known in the past?

Mr. COSTELLO. Yes, I have known him.

Mr. HALLEY. How long have you known him?

Mr. COSTELLO. He is just an acquaintance, but I have known him for a long, long time—maybe 15 years.

Mr. HALLEY. In what connection?

Mr. COSTELLO. No connection at all.

Mr. HALLEY. Well, do you see him at gambling places?

Mr. COSTELLO. No—yes, I might see him at a racetrack.

Mr. HALLEY. Well, who introduced you to him?

Mr. COSTELLO. Oh, I wouldn't remember.

Mr. HALLEY. Have you ever seen him with Mr. Erickson?

Mr. COSTELLO. I believe I did, in Miami. In Miami, I believe I have.

Mr. HALLEY. What is his business, do you know?

Mr. COSTELLO. He is in the oil business.

Mr. HALLEY. Do you know of any other business he is in?

Mr. COSTELLO. No.

Mr. HALLEY. Now, then, there is Breuil, whom we have covered; there is Ryan; there is Erickson; there is Ufner, and there is also Leonard Erickson, is that right, who is Erickson's brother? He is in it, too, isn't he?

Mr. COSTELLO. Yes, I believe his name is on there. I have seen it on the statement.

Mr. HALLEY. And you have known him, of course, for some years?

Mr. COSTELLO. Right.

Mr. HALLEY. Now, what do you have, your group? You have interests in certain leases; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And what part of the syndicate do you have?

Mr. COSTELLO. Just what do you mean, what part of the syndicate I have?

Mr. HALLEY. What percentage?

Mr. COSTELLO. Oh, a very small percent.

Mr. HALLEY. Do you know what percentage?

Mr. COSTELLO. Oh, a forty-eighth, or something.

Mr. HALLEY. A forty-eighth? And have you studied the documents lately?

Mr. COSTELLO. No, I haven't.

Mr. HALLEY. Who told you you had a forty-eighth?

Mr. COSTELLO. Well, I don't know what they call it. I imagine it is a—they have different expressions for it, but it might be—in my thought, I would say I would have 4 percent or something.

Mr. HALLEY. Four percent?

Senator TOBEY. Does a forty-eighth mean four?

Mr. COSTELLO. Four percent.

Mr. HALLEY. He said a forty-eighth.

Well, actually, you have a twelfth?

Mr. WOLF. Four forty-eighths.

Mr. COSTELLO. Four forty-eighths.

Mr. HALLEY. Four forty-eighths?

Mr. COSTELLO. Yes.

Mr. HALLEY. Well, that makes quite a difference when they start paying off, doesn't it?

Mr. COSTELLO. Yes.

Mr. HALLEY. Well, this is another blind investment?

Mr. COSTELLO. It is.

Mr. HALLEY. On this one you went in without the good counsel and advice of Mr. Wolf, but because Frank Erickson said that he had an oil investment?

Mr. COSTELLO. Yes; just like you would buy stocks in any big company.

Mr. HALLEY. When you say "you," do you mean me personally?

Mr. COSTELLO. Any person, any stock.

Mr. WOLF. Any investor. I don't think he means you personally, Mr. Halley.

Mr. HALLEY. I think you would find that investors who are, in fact, legitimate businessmen do inquire, Mr. Costello, and they inquire carefully. But to get to your oil investment, your first investment was \$4,000; is that right?

Mr. COSTELLO. I believe so.

Mr. HALLEY. And you made that in cash to Mr. Erickson?

Mr. COSTELLO. That's right.

Mr. HALLEY. And then, over a period of time, you invested various additional sums; is that right?

Mr. COSTELLO. That is right.

Mr. HALLEY. You would get letters saying that different leases were being opened up in different areas, and asking if you wanted to participate?

Mr. COSTELLO. That's right.

Mr. HALLEY. And sometimes you would participate and sometimes you would not; is that correct?

Mr. COSTELLO. Well, I believe up to now I responded to all of the investments.

Mr. HALLEY. I think you testified, did you not, at the closed hearing that sometimes you didn't, and the only basis of deciding was the basis on which you bet on a number on the roulette wheel, just what you felt like when the requests came in?

Mr. COSTELLO. I don't believe I said that all.

Mr. HALLEY. Well, let's see if we can find that.

Mr. COSTELLO. All right.

Mr. HALLEY. Now we have it.

Question (by Mr. Halley). Have you rejected any of the operations?

Answer (by Mr. Wolf). There are some that he did not participate in.

Question. How did you form your judgment? I wish Mr. Costello would answer this one. How did you form your judgment on participating or not participating in the various drilling ventures or leasehold ventures, sir?

Answer. Well, I just thought maybe it was a bad gamble at times and I did not participate.

Question. What information did you have to distinguish between a good gamble and a bad gamble?

Answer. I used my own judgment and no more.

Question. As a businessman, you must realize that you cannot form a judgment without facts.

Answer. Why not? Why can't I form my own judgments?

Question. How can you form a judgment on something if you have no facts to form it on?

Answer. Just my thought. I just feel it is a bad gamble and I don't participate.

Question. How did you decide? What factors made you decide?

Answer. I just don't know what you mean. I just don't.

Question. Would you finish first? I do not mean to interrupt you.

Apparently I started to interrupt.

Answer. I know that oil is a big gamble, and if I am in a mood to gamble, I will go along with it. If I am not, I just do not participate.

Question. You mean it is like watching a roulette wheel?

Answer. Just a hunch.

Question. The only facts that make you decide as to what to do on a particular turn of the wheel is whether you are in a mood to do it or not?

Answer. That is right.

Question. That is the only factor you considered in taking or not taking these operations?

Answer (by Mr. Costello.) That is right.

Do you care to change that testimony?

Mr. COSTELLO. No. I believe that you are the one that suggested that wheel, if I am not mistaken, Mr. Halley.

Mr. HALLEY. And you were the one that agreed with me.

Mr. COSTELLO. Well, but you were the one that suggested it.

Mr. HALLEY. I have had to suggest a lot of testimony to you. I think if I weren't suggesting it, there would have been very few answers. Wouldn't you agree with that?

Well, anyhow, you didn't know much about this whole oil business, did you? I mean, you weren't really active in it?

Mr. COSTELLO. No.

Mr. HALLEY. In fact, the first time you came before the committee, you couldn't even tell the committee how much profit you got back out of it; is that right?

Mr. COSTELLO. I believe I did.

Mr. HALLEY. No. Senator Tobey asked this. He said, "On the oil leases, he does not remember what he got."

Your answer was, or Mr. Wolf said, "Certainly not. He could give you an approximate amount. He could give you an approximate amount within \$5,000."

Senator Tobey said, "Well, how much would it be within \$5,000 from the oil leases?"

And you said, "Maybe \$4,000 or \$5,000, maybe less than that."

Is that right?

Mr. COSTELLO. I believe you spoke of that particular year, one particular year, wasn't it?

Mr. HALLEY. That's right, you said maybe \$4,000 or \$5,000 a year; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. On prodding?

Mr. COSTELLO. Yes.

Mr. HALLEY. And it turned out that on that matter the first year you got back \$39,059. The second year you got back \$5,381. And on that point you did have the facts right. You knew what you got back—\$3,900. On that part you got the facts right.

Mr. COSTELLO. Did you say \$39,000?

Mr. HALLEY. Three thousand nine hundred dollars. In other words, you knew what you got back.

Mr. COSTELLO. Yes.

Mr. HALLEY. The profits you were aware of?

Mr. COSTELLO. That's right.

Mr. HALLEY. Now, how much did you put in?

Mr. COSTELLO. Approximately about 40; I believe.

Mr. HALLEY. About \$41,114. In what State are these leases?

Mr. COSTELLO. Texas.

Mr. HALLEY. And in what county?

Mr. COSTELLO. Wise County, I believe.

Mr. HALLEY. And in some other counties; are they not? Some in Wise County, some in Jones County, some in Lovin County, some in Schleicher County; is that right?

Mr. COSTELLO. I believe so.

Mr. HALLEY. And your total investment is \$41,114?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you had gotten back a total of \$92,060.71?

Mr. COSTELLO. That's right.

Mr. HALLEY. Now, what other legitimate businesses do you have?

Mr. COSTELLO. None at present.

Mr. HALLEY. What other legitimate businesses have you had in the last 10 years going back, taking them one at a time?

Mr. COSTELLO. Well, I've been—I had that real estate, the Beverly—

Mr. HALLEY. By real estate, you mean the 79 Wall Street Building?

Mr. COSTELLO. That's right.

Mr. HALLEY. We have covered that.

Mr. COSTELLO. The oil.

Mr. HALLEY. The oil. The jet broiler recently?

Mr. COSTELLO. And the jet, yes.

Mr. HALLEY. The Beverly is certainly not a legitimate business, so we will exclude that. Anything else?

Mr. COSTELLO. Not that I can remember, offhand.

Mr. HALLEY. Well, you did have a television company; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. What was that?

Mr. COSTELLO. I didn't have a television company. I bought an interest. I bought some stocks.

Mr. HALLEY. In what company?

Mr. COSTELLO. I believe it's the Tele King.

Mr. HALLEY. And who were your partners there?

Mr. COSTELLO. Louis Pokrass.

Mr. HALLEY. And who else?

Mr. COSTELLO. I made an investment in there. I happened to know the gentleman. I invested around \$20,000. Then later I found out—which was later—that Meyer Lansky had also an interest.

Mr. HALLEY. And did you also find out that Joe Adonis had an interest?

Mr. COSTELLO. No.

Mr. HALLEY. You still don't know that he had an interest?

Mr. COSTELLO. I still don't know if he had an interest.

Mr. HALLEY. And if the testimony is that he had an interest, you wouldn't doubt it, though, would you?

Mr. COSTELLO. Well, not coming from me—

The CHAIRMAN. Mr. Costello, either sit a little nearer the mike, or bring it a little closer to you.

Mr. HALLEY. How did you find out that Meyer Lansky had an interest?

Mr. COSTELLO. I believe I met him one day, and I told him, and he says, "Well, the funny part is I made an investment also," in that particular company.

Mr. HALLEY. You know Joe Adonis pretty well, too, don't you?

Mr. COSTELLO. Yes, sure.

Mr. HALLEY. Didn't he ever happen to mention to you that he made an investment there?

Mr. COSTELLO. Never.

Mr. HALLEY. What came of that investment, the \$20,000?

Mr. COSTELLO. I believe they wanted me to invest a little more money there, or loan the company some money; which I wouldn't; I didn't have much confidence in this.

They told me, would I relinquish part of my stock which I did. And they returned me part of my money back.

Then, later, I turned my stock in and they paid me back in full.

Mr. HALLEY. You got your \$20,000 back?

Mr. COSTELLO. Yes.

Mr. HALLEY. From Mr. Pokrass?

Mr. COSTELLO. Yes.

Mr. HALLEY. Where was that company located?

Mr. COSTELLO. It is located on Ninth Avenue. I have never been up there.

Mr. HALLEY. It was another one of these investments that you had no particular business with; you just invested money; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. Have you had any other legitimate businesses or occupations in the last 10 years? That would take us back, say, to 1940.

Mr. COSTELLO. Not that I could remember offhand.

Senator TOBEY. Right there, may I interpolate a question, Mr. Witness:

Have you any interest, direct or indirect, in automatic voting machine companies?

Mr. COSTELLO. No.

Senator TOBEY. Have you had in the past?

Mr. COSTELLO. Beg pardon?

Senator TOBEY. Have you had in the past?

Mr. COSTELLO. Never.

Mr. HALLEY. Perhaps at this part we should also clear the record on certain other subjects that have come up very often.

Do you have any interest, direct or indirect, through a nominee, through anyone else whatsoever, in the Copacabana Night Club?

Mr. COSTELLO. No.

Mr. HALLEY. Have you ever loaned them any money, the club or any of its partners?

Mr. COSTELLO. Never.

Mr. HALLEY. Directly or indirectly?

Mr. HALLEY. Through any third person?

Mr. COSTELLO. Never.

Mr. HALLEY. Do you own any interest, direct or indirect, in any hotel in New York City?

Mr. COSTELLO. No.

Mr. HALLEY. With the exception of your home at Sands Point, do you own any real estate at this time, anywhere in the entire world?

Mr. COSTELLO. No.

Mr. HALLEY. Now, do you know whether or not the answers you have just given apply to your wife?

Mr. COSTELLO. No; they don't apply to my wife.

Mr. HALLEY. To your knowledge, does your wife have any interest, direct or indirect, in any hotel in New York City?

Mr. COSTELLO. No.

Mr. HALLEY. To your knowledge, does she have any interest in the Copacabana night club?

Mr. COSTELLO. No.

Mr. HALLEY. Does she have any interest, or do you have any interest, in any other night club?

Mr. COSTELLO. No.

Mr. HALLEY. Or in any restaurant?

Mr. COSTELLO. No.

Mr. HALLEY. Does your wife have any real estate, to your knowledge, other than the real estate you have mentioned up to this point?

Mr. COSTELLO. I believe she has a little real estate in Florida.

Mr. HALLEY. And what is the nature of that real estate?

Mr. COSTELLO. Just some vacant property.

Mr. HALLEY. Located in what area?

Mr. COSTELLO. In Hollywood; Hollywood, Fla.

Mr. HALLEY. It is empty lots?

Mr. COSTELLO. That's right.

Mr. HALLEY. Do you know how many she holds?

Mr. COSTELLO. A couple of lots; a few lots.

Mr. HALLEY. Well, how many would you say?

Mr. COSTELLO. Three lots.

Mr. HALLEY. Do you know what the purchase price was?

Mr. COSTELLO. Oh, I imagine it is around \$7,500, I believe.

Mr. HALLEY. Does your wife own any other property, to your knowledge?

Mr. COSTELLO. No.

Mr. HALLEY. Who owns the house at Sands Point, yourself or your wife?

Mr. COSTELLO. My wife.

Mr. HALLEY. What was the purchase price of that property?

Mr. COSTELLO. I believe it was \$30,000 or \$32,000.

Mr. HALLEY. Have there been various investments added to it, improvements?

Mr. COSTELLO. Not many; no.

Mr. HALLEY. When was that property bought?

Mr. COSTELLO. About 7 years ago, I believe; 7, 8 years ago.

Mr. HALLEY. What other properties of any type, number or description do you, or to your knowledge, does your wife own, directly or indirectly?

Mr. COSTELLO. No other properties.

Mr. HALLEY. To summarize, then, there is—

The CHAIRMAN. Well, Mr. Costello, the music-box business in New Orleans, she still has an interest in that?

Mr. COSTELLO. No. That has been out of business for years; many years.

The CHAIRMAN. You still have an interest in the Louisiana Mint Co.; at least for the purpose of claiming damages for the destruction of certain machines, do you not? I think you testified about that the other day.

Mr. COSTELLO. I testified to that.

The CHAIRMAN. But you have a suit pending against the marshal and others to try to get some money back on that?

Mr. COSTELLO. I believe the company has; yes.

The CHAIRMAN. Yes. That's right.

Mr. HALLEY. Your testimony, then, is that at the present time you have no property other than your home in Sands Point, you or your wife, a few lots in Florida which you have described, your interest in your oil leases, and your interest in your Jet Broiler Co.; is that correct?

Mr. COSTELLO. Correct.

Mr. HALLEY. I believe you testified that you had \$90,000 or \$100,000 in the bank; is that right?

Mr. COSTELLO. Right.

Mr. HALLEY. Do you have any other bank accounts whatsoever, in addition to the one bank account about which you did testify?

Mr. COSTELLO. No.

Mr. HALLEY. Does your wife have any money in any banks, to your knowledge?

Mr. COSTELLO. I won't answer that; I wouldn't know.

Mr. HALLEY. Well, to your knowledge does she have any money in any bank?

Mr. COSTELLO. Well, she has an account in the same bank I have. I don't know if she has any money there.

Mr. HALLEY. Do you know if she has any money in the account?

Mr. COSTELLO. I imagine she must have some money in there.

Mr. HALLEY. Do you know whether it is in excess of \$10,000?

Mr. COSTELLO. I wouldn't know.

Mr. HALLEY. You just have no knowledge on that subject at all?

Mr. COSTELLO. I have no knowledge.

Mr. HALLEY. You also testified that you had a strong box in your home; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. You were not quite sure how much cash you had in that strong box when you last testified.

Have you had an opportunity to look since, check up on it?

Mr. COSTELLO. I believe it is in the neighborhood of from \$40,000 to \$43,000, I believe. I didn't take a particular count.

Mr. HALLEY. But you did check up?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you have any cash moneys in excess of \$10,000 anywhere else, cash?

Mr. COSTELLO. I am not going to answer that question, Mr. Halley.

Mr. HALLEY. On what ground?

Mr. COSTELLO. On the grounds that it is on my net worth that I had objected before.

Mr. HALLEY. We will get back to it, if we may.

The CHAIRMAN. All right.

Mr. HALLEY. Do you have any safe-deposit boxes anywhere other than the boxes in your home?

Mr. COSTELLO. No.

Mr. HALLEY. Do you have any places where you keep cash money any place other than the one box you have described in your home?

Mr. COSTELLO. No.

Mr. HALLEY. Do you have anyone who holds cash money for you?

Mr. COSTELLO. That holds cash money for me?

Mr. HALLEY. Yes.

Mr. COSTELLO. No.

Mr. HALLEY. But you refuse to answer whether or not you have any cash money other than those you have described?

Mr. COSTELLO. Well, I might have some other cash money, but I am not—I haven't got it in no box.

Mr. HALLEY. Where do you have it?

Mr. COSTELLO. Well, I refuse to disclose that.

Senator TOBEY. Now, Mister—

The CHAIRMAN. Mr. Costello, we will have to direct you to answer that question.

Mr. COSTELLO. Well, I will have to consult my counsel on that question.

The CHAIRMAN. All right, you consult him.

Senator TOBEY. May I just point out to his counsel, when we were here in February together in executive session, at the close of the hearing I asked Mr. Costello what was his net worth and you interpolated with him, talked together back there and you agreed, gave your word, that you would have that statement of assets and liabilities and net worth for us in a few days. That was over 6 weeks ago. It hasn't come.

Here is a witness before a United States Senate subcommittee. We are examining about his life, and his past, and his assets and liabilities, and every time we get to the point of knowing what he is worth, what his net worth is, we are shunted aside.

Now, you are a lawyer; you are a member of the bar. Hasn't this committee got a right, in an examination, to know the financial condition of a witness?

Mr. WOLF. I would say yes; it has the right, Senator. I don't think there is any question about that. I think it is a very legitimate inquiry, but—

The CHAIRMAN. Mr. Wolf, in order that we can get on—we have been over this time and time again—you are going to submit a memorandum, and the committee has decided it has a right to know; also that there was at least an agreement, as we see it, that you would furnish the information.

Now, I don't think we ought to spend a great deal of time rearguing the matter now.

Mr. HALLEY. Mr. Chairman, before the witness consults with his attorney, I would like to make it clear that, no matter what his reasons were up to this morning, he has now answered so many questions with reference to his financial status and so many questions with reference to his net worth that I think he has waived any right to stop at this particular point.

Mr. WOLF. Well, I disagree with you, Mr. Halley. The questions he was answering were questions that he was asked before and answered. Now, while these items might go into the general question of net worth, certainly the question of net worth itself is a question that stands by itself. But Senator Tobey has asked me a question. I would still like to answer that question.

Mr. HALLEY. Still before you answer, so you answer it precisely, the immediate question is not what his net worth is. He may have various obligations. The immediate question is simply what other cash does he have, since he has already stated that he had some cash and stated where he has it, and I think that at this point the witness is in no position to refuse to go further.

Mr. WOLF. Well, I am not going to take issue with you on that question, Mr. Halley.

Mr. HALLEY. I want you to know what issue you are taking; that is the point.

Senator TOBEY. Well, Mr. Wolf, may I suggest in all respect that you withhold your explanation until the witness answers Mr. Halley's question.

Mr. WOLF. Well, your question, Senator Tobey, you asked me first whether you didn't think it was a legitimate inquiry.

Senator TOBEY. Yes.

Mr. WOLF. I want to make my position very clear.

Senator TOBEY. Do you prefer an answer, Mr. Halley, from the witness first?

Mr. HALLEY. I think we might well let counsel say what he has to say and then I do expect the witness to answer.

Senator TOBEY. All right, sir.

Mr. WOLF. But now, then, without disputing the fact that that is a legitimate inquiry, and that you are well within the rights of the committee in asking such a question, I think the question, as a matter of fact, is pertinent. Now the question arises as to whether or not this witness' rights—constitutional rights, Senator Tobey—are involved.

Now, that is all that I am concerned with as his attorney now. The question is that on this particular item I would like to consult the witness.

Senator TOBEY. Now, here is something I want to put in as addenda. Assume the man had 10 million in cash in the hands of agents or in safe-deposit vaults across the country, and assume he had certain liabilities and owed certain moneys. If you told us his assets and liabilities, we would be able to judge his worth. That is always the first question that is asked in a court of law. The court would always inquire as to the financial situation of the man, but every time we get to this certain point the curtain is drawn down; and I simply say, about constitutional rights, that a Senate committee is making an inquiry, and if any witness stands before us and says, "I will go thus far and no further," and when you yourself say it is a legitimate question, why then, I wonder why. It makes us suspicious, and I don't want to be suspicious.

I wish to God the man would come through clean and say, "I have arrived at this time of life, and I have made money and I have got a home. I see what you are trying to do is for the good of the country, and I will tell you."

It might reflect on him, or it might not, but it would be for the good of the country. But he can't cover up and duck these questions every time we get to this point.

Mr. WOLF. I disagree with you there, Senator. I don't think he is seeking to cover up on every occasion. It has now reached the point—I think the witness has been generally frank in answering questions—

The CHAIRMAN. Mr. Wolf, in order that you may consult with your client, suppose we have a 10-minute recess, and that will give you time to consult with him.

(Whereupon, a short recess was taken.)

The CHAIRMAN. Mr. Costello, while our counsel is coming, I would like to ask you about this telephone that was in Mr. Uffner's name. Why didn't you have it transferred to your name out in Kings Point? Did you just leave it in his name?

Mr. COSTELLO. I believe Mrs. Costello had it changed later. I believe we had an obligation there. We have had one there for a long, long time. It might be changed now.

The CHAIRMAN. Well, our information was that sometime back it was still in his name.

We notice here on this telephone—that is TRafalgar 4-3403; is that correct?

Mr. COSTELLO. No; that's my New York phone.

The CHAIRMAN. That is your New York telephone. But you had several calls to a fellow named Longy Zwillman.

What would they be about?

Mr. COSTELLO. I don't remember calling him, Mr. Senator.

The CHAIRMAN. Well, he is ORange 5-6999, which is Abner Zwillman. Here on one day apparently there were seven calls to you from him. Do you know what they are?

Mr. COSTELLO. No; I don't remember him ever calling me.

The CHAIRMAN. January 4—January 1946 it would be four; March 1946, one; May 1946, two. Those were apparently calls that you made to him. But there are seven that he made to you, in one day, according to this record.

What was your negotiation? What business do you have with Mr. Zwillman?

Mr. COSTELLO. I have no business whatsoever with him.

The CHAIRMAN. Just an old friend of your?

Mr. COSTELLO. Yes; a man I have known about town.

The CHAIRMAN. Were you in business with him during the prohibition days?

Mr. COSTELLO. No.

The CHAIRMAN. How long have you known him? About how long have you known him?

Mr. COSTELLO. Oh, 10, 12 years or so.

The CHAIRMAN. All right, Mr. Halley. First, another thing while we have this break: This home at Kings Point, did you buy that home new or did you build it?

Mr. COSTELLO. May I correct you? It is not at Kings Point; it is at Sands Point.

The CHAIRMAN. I mean Sands Point.

MR. COSTELLO. No; we bought it—might have been 7 or 10 years ago. The CHAIRMAN. Did you give the money to Mrs. Costello to buy it or did you just buy it and put it in her name?

MR. COSTELLO. Mrs. Costello bought it herself.

The CHAIRMAN. I suppose you gave her the funds to buy it with, or what arrangements did you make?

MR. COSTELLO. No; I believe it was her own funds.

The CHAIRMAN. It wasn't any part of the funds that you gave her, or do you remember?

MR. COSTELLO. Well, it might have been part of the funds I gave her.

The CHAIRMAN. Is that a summer home? Do you go down there in the summertime?

MR. COSTELLO. Yes; very little in the winter.

The CHAIRMAN. But you do maintain your apartment here all the time?

MR. COSTELLO. Yes; I have lived in one building for many years.

The CHAIRMAN. In the wintertime you spend a great deal of your time in Florida and sometimes in Hot Springs; do you not?

MR. COSTELLO. Well, I go to Hot Springs; yes.

The CHAIRMAN. When do you usually go to Hot Springs?

MR. COSTELLO. Well, I go there in March, just about this time, and in October.

The CHAIRMAN. Then when do you go to Florida usually?

MR. COSTELLO. Oh, I just get down there maybe in January or February for a week.

The CHAIRMAN. Do you have a home in Florida or do you rent a home, or where do you stay usually, Mr. Costello?

MR. COSTELLO. No; I stop at a hotel or a cottage.

The CHAIRMAN. Which hotel do you usually stop at?

MR. COSTELLO. The Sherry Frontenac.

The CHAIRMAN. Did you ever stop at the Sands, or the Grand, or the Walker?

MR. COSTELLO. No.

The CHAIRMAN. This fellow Abe Ellenberg, I think, said he had seen you at the Walker, but I don't remember whether he said you had stopped there or not. Did you go to see him?

MR. COSTELLO. No; I don't stop there. I may have been there for a night or so. I never made it a practice being down there long, just a few days. I might have walked around, might have been in the lobby or something. He might have seen me.

The CHAIRMAN. You do know him quite well?

MR. COSTELLO. I know him; yes, sir.

The CHAIRMAN. And how about the Angersola brothers; one of them has an interest in the Sands Hotel. Do you know them?

MR. COSTELLO. What is the name?

The CHAIRMAN. Angersola, or the King brothers, Fred and John Angersola?

MR. COSTELLO. I don't believe I know them.

The CHAIRMAN. Do you know Al Polizzi very well?

MR. COSTELLO. I don't believe—I might have met him; might have.

The CHAIRMAN. He said he knew you, I understood.

MR. COSTELLO. Well, I might have met him.

The CHAIRMAN. All right, Mr. Halley.

Mr. HALLEY. You knew Jimmie Hines pretty well, did you not?

Mr. COSTELLO. Yes.

Mr. HALLEY. In fact, you went to the Democratic National Convention in Chicago with him in 1932; is that right?

Mr. COSTELLO. No; I didn't.

Mr. HALLEY. You were there, were you not?

Mr. COSTELLO. I happened to be there; yes. But I didn't go there with him.

Mr. HALLEY. You had a suite in the same hotel with him?

Mr. COSTELLO. I wouldn't say so.

Mr. HALLEY. You certainly spent a lot of time with him at the convention, did you not?

Mr. COSTELLO. No; I didn't.

Mr. HALLEY. Did you see him at the convention?

Mr. COSTELLO. I have seen him; yes. That is, I have seen him in a hotel. But not at the convention.

Mr. HALLEY. In the hotel room?

Mr. COSTELLO. No; not even in the room.

Mr. HALLEY. Where did you see him?

Mr. COSTELLO. I believe I have seen him in the lobby of the Drake Hotel.

Mr. HALLEY. And no place else?

Mr. COSTELLO. No; no place else.

Mr. HALLEY. What were you doing at the Democratic National Convention in 1932?

Mr. COSTELLO. It was just an accident. I visited a friend of mine at the time.

Mr. HALLEY. You went there to be at the convention, didn't you?

Mr. COSTELLO. No; I didn't.

Mr. HALLEY. You went at the suggestion of Jimmie Hines?

Mr. COSTELLO. I have a friend there, a very important friend of mine.

Mr. HALLEY. Who?

Mr. COSTELLO. A fellow named Lester Selig, chairman of the board of the General American Tank Car.

Mr. HALLEY. And you went to see him?

Mr. COSTELLO. Yes.

Mr. HALLEY. In 1932?

Mr. COSTELLO. Yes.

Mr. HALLEY. And it was pure accident that you were in the same hotel with Jimmie Hines?

Mr. COSTELLO. I met him in the lobby of the hotel.

Mr. HALLEY. There was a question on the floor when you last left, and it was—

Mr. WOLF. May that be repeated?

Mr. HALLEY. I will restate it.

The CHAIRMAN. Before you do, I think we made it clear that, in the beginning of this hearing, we were sitting as a subcommittee of the committee by authority of the resolution of the whole committee. But if that isn't clear, let the record show that the chairman has appointed Senator Tobey and himself as a subcommittee of two to hold this hearing today, by authority of the resolution that has been previously adopted by the whole committee.

Go ahead.

Mr. HALLEY. The question was: In addition to the cash moneys you have mentioned as having been in a strong box in your apartment, do you have any other cash moneys which you keep elsewhere?

Mr. COSTELLO. I will answer that question, Mr. Halley.

I believe I have four, five thousand dollars more.

Mr. HALLEY. And where do you keep that?

Mr. COSTELLO. I have it in my home in Sands Point.

Mr. HALLEY. Do you have a strong box in your home at Sands Point?

Mr. COSTELLO. No; I have it in Sands Point.

Mr. HALLEY. Just secreted somewhere?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, in addition to that \$4,000 or \$5,000 at Sands Point, and the \$40,000 to \$43,000 in your home at 115 Central Park West, do you have any other cash moneys anywhere whatsoever?

Mr. COSTELLO. No.

Mr. HALLEY. Do you have any securities, stocks, bonds, or any securities of any type whatsoever?

Mr. COSTELLO. Well, I personally don't.

Mr. HALLEY. What stock was that?

Mr. COSTELLO. Television stock.

Mr. HALLEY. And how many shares was that?

Mr. COSTELLO. Two hundred.

Mr. HALLEY. I think I recall that.

Do you or Mrs. Costello have any other securities?

Mr. COSTELLO. I have none.

Mr. HALLEY. Do you have any notes payable or any evidences of indebtedness whatsoever, to you or Mrs. Costello?

Mr. COSTELLO. Payable to me?

Mr. HALLEY. Yes.

Mr. COSTELLO. No.

Mr. HALLEY. Or to Mrs. Costello?

Mr. COSTELLO. No; not that I know of.

Mr. HALLEY. Does anybody owe you any sums of money in excess of a thousand dollars?

Mr. COSTELLO. Now, let me get that, if you don't mind, Mr. Halley. What was the first question?

Mr. HALLEY. Do you mean the one you previously answered?

Mr. COSTELLO. Yes.

Mr. HALLEY. You had better ask the stenographer to repeat it. Will you?

(The question referred to was read by the reporter as follows:)

Mr. HALLEY. Do you have any notes payable or any evidences of indebtedness whatsoever, to you or Mrs. Costello?

Mr. COSTELLO. No.

Mr. HALLEY. And does anybody owe you any sums of money in excess of \$1,000?

Mr. COSTELLO. No.

Mr. HALLEY. Does anybody owe Mrs. Costello, to your knowledge, any sums of money in excess of \$1,000?

Mr. COSTELLO. Not to my knowledge.

Mr. HALLEY. Do you have any interests, direct or indirect, in any mines, in any oil wells, in any enterprises whatsoever, anywhere in the United States or outside of the United States, other than those which you have mentioned here?

Mr. COSTELLO. No.

Mr. HALLEY. You have now mentioned all of your property?

Mr. COSTELLO. Right.

Mr. HALLEY. Now, Mr. Costello, do you owe anybody any sums of money in excess of \$1,000?

Mr. COSTELLO. Yes.

Mr. HALLEY. What is the total amount of your indebtedness?

Mr. COSTELLO. Thirty thousand.

Mr. HALLEY. And to whom do you owe that?

Mr. COSTELLO. Mr. Erickson.

Mr. HALLEY. And that is \$30,000 we talked about some time ago?

Mr. COSTELLO. That's right.

Mr. HALLEY. In addition to that, do you have any other indebtedness in excess of \$1,000?

Mr. COSTELLO. Well, I owe, yes, I believe I do.

Mr. HALLEY. Well, you naturally would owe income-tax payments which you have not made yet for this year. Will you state any other sums of money you owe?

Mr. WOLF. May I consult with the witness, please?

Mr. HALLEY. Surely.

Mr. WOLF. Will you repeat the question?

(The question referred to was read by the reporter as follows:)

Mr. HALLEY. Well, you naturally would owe income-tax payments which you haven't made yet for this year. Will you state any other sums of money you owe?

Mr. COSTELLO. I decline to answer that, Mr. Halley.

Mr. HALLEY. Do you owe any sums of money in excess of \$10,000 to any person?

Mr. COSTELLO. I decline to answer that.

Mr. HALLEY. Will the committee direct the witness to answer?

The CHAIRMAN. Yes. We will have to direct you to answer that question, Mr. Costello.

Mr. COSTELLO. I decline to answer the question.

The CHAIRMAN. All right.

Mr. HALLEY. This is a question confined to this point to sums of money in addition to \$10,000, and it is: Do you owe in excess of \$10,000 to any person, company, corporation, or organization?

Mr. COSTELLO. I decline to answer it.

The CHAIRMAN. You understand you have been directed to answer it.

Mr. COSTELLO. And I still decline.

Mr. WOLF. I have consulted with the witness on that.

Mr. HALLEY. What is the total indebtedness, Mr. Costello?

Mr. COSTELLO. I decline to answer that question.

The CHAIRMAN. Well, you are directed to answer that question.

Mr. COSTELLO. I still decline. It goes into my net worth—which I had objected prior.

Mr. HALLEY. You do owe \$30,000 to Mr. Erickson?

Mr. COSTELLO. Yes.

Mr. HALLEY. Now, is it still your testimony that you do not have any interest in the Whiteley's Distilleries?

Mr. COSTELLO. Absolutely.

Mr. HALLEY. Or the Alliance Distributors?

Mr. COSTELLO. Absolutely.

Mr. HALLEY. And do you remember whether or not you have received sums of money in cash directly or indirectly from the Whiteley Distilleries or the Alliance Distributors?

Mr. COSTELLO. Never did.

Mr. HALLEY. Do you now or did you ever have any interest in the distribution of Kings Ransom and House of Lords?

Mr. COSTELLO. Never had any interest, financial interest; I believe I answered that question before.

Mr. HALLEY. I wanted to be sure that you hadn't changed your testimony about that. You stand on your previous testimony?

Mr. COSTELLO. That's right.

Mr. HALLEY. With no changes?

Mr. COSTELLO. No changes.

Mr. HALLEY. Now, going back prior to 1940, have you had any other legitimate businesses? I think you mentioned having had some real estate investments at one time; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. Perhaps it would be better if we started at the other end. What was your first occupation, the first business or occupation in which you engaged?

Mr. COSTELLO. I believe I worked in a piano factory, I told you.

Mr. HALLEY. Then I think after that, was it right after that that you were convicted on this gun charge?

Mr. COSTELLO. Yes, 1915, I believe.

Mr. HALLEY. After you were released from jail, what did you do then? Where did you work, or what occupation did you have?

Mr. COSTELLO. Well, we were manufacturing—I was interested with a fellow named Horowitz, manufacturing kewpie dolls.

Mr. HALLEY. That was not a successful enterprise, was it?

Mr. COSTELLO. Well, we did all right with it. What do you call successful?

Mr. HALLEY. You didn't stay in the business very long, did you?

Mr. COSTELLO. A few years I might have been.

Mr. HALLEY. Did you have some other businesses with Horowitz?

Mr. COSTELLO. No.

Mr. HALLEY. None other whatsoever?

Mr. COSTELLO. Not that I can remember.

Mr. HALLEY. Didn't you make punchboards with Horowitz?

Mr. COSTELLO. No.

Mr. HALLEY. Were you ever in the punchboard business?

Mr. COSTELLO. Well, we manufactured these dolls and they used to buy them from us and they used to put them on a punchboard.

Mr. HALLEY. The doll went on to a punchboard?

Mr. COSTELLO. That's right.

Mr. HALLEY. Who bought them from you?

Mr. COSTELLO. Oh, I couldn't remember 30 years ago. I don't remember.

Mr. HALLEY. What was your contact with the punchboard industry 30 years ago? Just in general, Mr. Costello.

Mr. COSTELLO. No contact at all. People come up there and they buy these dolls and they used them for that purpose.

Mr. HALLEY. By punchboards you mean the kind of board that has a lot of little holes that can be punched out, each hole can be punched out?

Mr. COSTELLO. And that would be the prize, yes.

Mr. HALLEY. And the doll would be the prize?

Mr. COSTELLO. That, and a Gillette razor; we handled that also.

Mr. HALLEY. In other words, you were in the business of providing the prizes for the people who were foolish enough to put their money on punchboards?

Mr. COSTELLO. Yes, if they was foolish enough to spend a penny in picking a number.

Mr. HALLEY. What was your next occupation after that?

Mr. COSTELLO. Well, what year are you going into now?

Mr. HALLEY. Well, how long were you in the punchboard business—well, the prize business, I should say, with Mr. Horowitz?

Mr. COSTELLO. A few years.

Mr. HALLEY. Until about 1918 or 1919?

Mr. COSTELLO. About till 1919, yes, I imagine.

Mr. HALLEY. Then you went into what business?

Mr. COSTELLO. Then I went in the real estate business.

Mr. HALLEY. Where did you get the money for the real estate business?

Mr. COSTELLO. Money? Money that I had accumulated. I don't know where I got it.

Mr. HALLEY. Well, had you been in gambling businesses prior to that?

Mr. COSTELLO. No. I might have got it in the punchboard. I just don't remember.

Mr. HALLEY. Didn't you actually get it in the gambling businesses?

Mr. COSTELLO. What do you mean, the gambling business?

Mr. HALLEY. Well, you tell me how you got the money to start your real estate enterprise.

Mr. COSTELLO. I just don't remember how I got money 35 years ago, 30, to go in that particular business.

Mr. HALLEY. Well, it was from gambling, wasn't it?

Mr. COSTELLO. It might have been from gambling.

Mr. HALLEY. You were in the gambling business.

Mr. COSTELLO. Betting on a horse, or something.

Mr. HALLEY. What?

Mr. COSTELLO. Betting on horses, or something.

Mr. HALLEY. Well, you were in the gambling business yourself, were you not?

Mr. COSTELLO. Well, just what do you mean, the gambling business? I say when a man is in the gambling business he has an establishment. If I bet on horses I wouldn't call that—of course, we all bet on horses.

Mr. HALLEY. Did you take bets on horses?

Mr. COSTELLO. No.

Mr. HALLEY. When did you begin taking bets on horses?

Mr. COSTELLO. Well, I would say about 20 years ago.

Mr. HALLEY. About 20 years ago?

Mr. COSTELLO. Yes.

Mr. HALLEY. That would be after prohibition?

Mr. COSTELLO. When you say "taking bets"——

Mr. HALLEY. Go ahead.

Mr. COSTELLO. It was a commission basis.

Mr. HALLEY. You explain that.

Mr. COSTELLO. That's right. I was never a bookmaker.

Mr. HALLEY. What were you?

Mr. COSTELLO. A commission.

Mr. HALLEY. And what was that?

Mr. COSTELLO. If you wanted to bet on a horse, I would place it for you with a bookmaker.

Mr. WOLF. That is not personal to you, Mr. Halley. He is speaking generally.

Mr. HALLEY. In other words, you would take the bet, and you get 5 percent of the total amount bet; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you would place the bet?

Mr. COSTELLO. That's right.

Mr. HALLEY. You hung around the race track doing that?

Mr. COSTELLO. That's right.

Mr. HALLEY. And that was after prohibition; is that right; after 1930?

Mr. COSTELLO. Yes; I imagine it was.

Mr. HALLEY. What did you do prior to 1930, and after you got out of the punchboard business?

Mr. COSTELLO. I believe I built some homes up the Bronx.

Mr. HALLEY. With the proceeds of gambling; is that right?

Mr. COSTELLO. Well, I wouldn't specify just what proceeds they were.

Mr. HALLEY. Was it the proceeds of your liquor business?

Mr. COSTELLO. No; no liquor business.

Mr. HALLEY. You were in the liquor business?

Mr. COSTELLO. No; I wasn't.

Mr. HALLEY. At no time?

Mr. COSTELLO. Not until 1937.

Mr. HALLEY. Until 1937?

Mr. COSTELLO. 1927.

Mr. HALLEY. 1927. Well, you know that is just not so.

Mr. COSTELLO. Why isn't it so?

Mr. HALLEY. You were indicted in 1925.

Mr. COSTELLO. But I wasn't convicted.

Mr. HALLEY. You weren't convicted.

Mr. COSTELLO. That means I didn't sell no liquor.

Mr. HALLEY. Does it, Mr. Costello?

When you finally got into the liquor business, whatever the date, with whom were you associated? Whom did you buy it from, and whom did you sell to?

Mr. COSTELLO. I believe I made that statement before, Mr. Halley.

Mr. HALLEY. We were talking about your source, and I think we have exhausted that subject, the question of how you got it from Canada, and through whom, and so forth.

Now I am talking about whom you sold it to, and whom you dealt with in this country.

Mr. COSTELLO. I don't remember who I sold it to. It is so far back.

Mr. HALLEY. In other words, we are away from the sources now, and we are on your customers here.

Did you sell to any members of the so-called Capone syndicate?

Mr. COSTELLO. No.

Mr. HALLEY. Do you know Jake Guzik?

Mr. COSTELLO. I believe I met him.

Mr. HALLEY. He was a member of the Capone syndicate?

Mr. COSTELLO. He is from Chicago.

Mr. HALLEY. He was a member of the Capone syndicate. Why do we have to quibble?

Mr. COSTELLO. I am not quibbling. You asked me if I know him.

Mr. HALLEY. Did you know Al Capone?

Mr. COSTELLO. I met him in Florida.

Mr. HALLEY. Did you ever meet him in Chicago?

Mr. COSTELLO. No.

Mr. HALLEY. Did you ever talk to Jake Guzik about Capone?

Mr. COSTELLO. I don't believe I have.

Mr. HALLEY. Did you ever sell any liquor to Jake Guzik?

Mr. COSTELLO. No.

Mr. HALLEY. Or buy any from him?

Mr. COSTELLO. No.

Mr. HALLEY. You had no liquor transactions with Jake Guzik?

Mr. COSTELLO. Never had any transactions with him.

Mr. HALLEY. Bear in mind that you are under oath. You say you have never had any transactions in the liquor business with Jake Guzik?

Mr. COSTELLO. No, never.

Mr. HALLEY. At any time?

Mr. COSTELLO. At any time.

Mr. HALLEY. Well, with whom did you have transactions?

Mr. COSTELLO. Well, I don't remember just who.

Mr. HALLEY. Bill Dwyer?

Mr. COSTELLO. Well, yes; I had a few transactions with him.

Mr. HALLEY. What do you mean by "a few transactions"?

Mr. COSTELLO. Well, I might have bought some off of him, or he bought some off of me, if I had any.

Mr. HALLEY. That is not the mayor, of course.

Mr. COSTELLO. No.

Mr. HALLEY. That is the old prohibition bootleg king; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. He was one of the people you did business with, was he not?

Mr. COSTELLO. Well, I did business with him after—later.

Mr. HALLEY. In fact, he was one of the people you were indicted with, was he not?

Mr. COSTELLO. That's right.

Mr. HALLEY. Is it not a fact that you organized your bootleg ring with Bill Dwyer in 1923?

Mr. COSTELLO. No.

Mr. HALLEY. Well, you remember you had an office in New York City on Park Avenue; is that right?

Mr. COSTELLO. I don't believe I ever had an office on Park Avenue in my life.

Mr. HALLEY. Lexington Avenue; that's right. You remember your Lexington Avenue office?

Mr. COSTELLO. Yes.

Mr. HALLEY. What year did you have your office on Lexington Avenue?

Mr. COSTELLO. Around '25, I believe, or '26.

Mr. HALLEY. When were you doing your business at Lexington Avenue? It was 405 Lexington Avenue? When were you there?

Mr. COSTELLO. When was I there?

Mr. HALLEY. Yes.

Mr. COSTELLO. I believe around '25, '26.

Mr. HALLEY. Did you not admit that that was the headquarters for your liquor operation?

Mr. COSTELLO. No.

Mr. HALLEY. You did some liquor business there, did you not?

Mr. COSTELLO. No; I don't believe I did.

Mr. HALLEY. Don't you remember my going over all this with you one day last week, and your having told the New York State Liquor Authority, under oath, that it was the headquarters for your liquor operation?

Mr. COSTELLO. No; I never said that, Mr. Halley.

Mr. HALLEY. If their records so state, you dispute their records?

Mr. COSTELLO. Yes; I do.

Mr. HALLEY. Even though it was right there, and I read it to you in black and white?

Mr. COSTELLO. You read it to me, and maybe I didn't understand the question. You said that that was my liquor headquarters.

Mr. HALLEY. But they were talking about your liquor business. What else would you need headquarters for?

Mr. COSTELLO. At the time I was buying real estate.

Mr. HALLEY. Well, your interests in your legitimate deals in those days—

Mr. COSTELLO. Yes.

Mr. HALLEY. Were they more detailed than your interests in your present legitimate businesses?

Mr. COSTELLO. I bought a piece of property right from that office.

Mr. HALLEY. You wouldn't need any office—

Mr. COSTELLO. On Ninety-second Street and West End Avenue.

Mr. HALLEY. You wouldn't need any office, would you, to conduct the legitimate businesses you have described to the committee today?

Mr. COSTELLO. Why wouldn't I need an office?

Mr. HALLEY. Because you didn't do anything.

Now, how was it different in those days? When did you buy the building on Ninety-second Street?

Mr. COSTELLO. Just around—well, between 1924 and '27, I would say.

Mr. HALLEY. Well now I am not going to here and now find out if you are committing perjury, but I want you to tell this committee when you first went into the liquor business during the prohibition era.

Mr. COSTELLO. My recollection was after 1926.

Mr. HALLEY. Are you willing to state under oath that you did not engage in any purchases or sales of alcoholic beverages prior to 1926?

Mr. COSTELLO. Well, I wouldn't state that under oath, because the years are so far back. But, to my knowledge, I haven't.

Mr. HALLEY. Well, you are under oath. You have got to say. Is it just that you don't remember?

Mr. COSTELLO. I don't remember.

Mr. HALLEY. Let's go back as far as 1925. Would you say that you engaged in the liquor business prior to 1925?

Mr. COSTELLO. No; I don't remember.

Mr. HALLEY. You wouldn't deny it?

Mr. COSTELLO. Well, I wouldn't remember it, and I don't know—

Mr. HALLEY. Are you willing to sit here now before this committee and deny that you were in the liquor business before January 1, 1925?

Mr. COSTELLO. Well, I might have been, but not to my recollection.

Mr. HALLEY. You might have been?

Mr. COSTELLO. Might have.

Mr. HALLEY. Now, do you remember testifying that you bought the house on Ninety-second Street and West End Avenue with the proceeds of the liquor business?

Mr. COSTELLO. I didn't testify to that at all.

Mr. HALLEY. You so told Frank Hogan during the Aurelio proceedings; did you not?

Mr. COSTELLO. I don't remember testifying.

Mr. HALLEY. That is one we are going to find before you leave the stand. But I want you to bear in mind that there is such testimony in my recollection.

Now, when did you buy the house of Ninety-second Street and West End Avenue, because the records are going to show when you bought that house, Mr. Costello?

Mr. COSTELLO. Well, then, you show me; I can't remember.

Mr. HALLEY. Well, we will go ahead. Also, you say you did business with Big Bill Dwyer around 1928?

Mr. COSTELLO. Well, it might have been around 1928, 1929, or so.

Mr. HALLEY. 1929. When was it?

Mr. COSTELLO. Well, I don't remember.

Mr. HALLEY. You know he was convicted in 1926 and went to jail for 2 years.

Mr. COSTELLO. Well, that would bring it to where?

Mr. HALLEY. So you did business with him after he got out of jail?

Mr. COSTELLO. That's right.

Mr. HALLEY. Is it reasonable to think that after you were indicted with Big Bill Dwyer for having done business with him before 1925—if that were untrue—you would let him go to jail, come out of jail, and then be fool enough to do business with him when he got out of jail?

Mr. COSTELLO. Why not?

Mr. HALLEY. So that your testimony is that you never did any business with Big Bill Dwyer until he got out of the Federal Penitentiary?

Mr. COSTELLO. Not to my recollection.

Mr. HALLEY. Well, let us have it on the oath. Let us get your sworn testimony so we will have it definite.

Mr. COSTELLO. That is my testimony. Not to my recollection.

Mr. HALLEY. Well, are you willing to swear that you did no business with Big Bill Dwyer—and by doing business I mean you had no transactions involving the purchase or sale or delivery or transportation of alcoholic beverages prior to the time that he was convicted?

Mr. COSTELLO. Well, I can swear that it is not to my recollection.

Mr. HALLEY. Can you swear that you didn't do it? Now, this is something that shouldn't be hard to remember.

Mr. COSTELLO. Well, I couldn't swear that I didn't, but I am not going to swear that I did.

Mr. HALLEY. I am not going to ask you to swear that you did, but you can't swear that you didn't?

Mr. COSTELLO. That's right.

Mr. HALLEY. That you might have been in the liquor business with Big Bill Dwyer before he went to jail?

Mr. COSTELLO. I might have.

Mr. HALLEY. And might you have bought that house on Ninety-second Street with the proceeds of the liquor business?

Mr. COSTELLO. Well, I can't answer that question.

Mr. HALLEY. Well, aside from what you remember——

Mr. COSTELLO. You are trying to get the specific money, where it was arrived at, and I can't very well answer that question. I think it is unfair.

Mr. HALLEY. What is unfair?

Mr. COSTELLO. To hold me down where that particular money come from.

Mr. HALLEY. Well, it is very important, since you say you weren't in the liquor business before 1925.

Mr. COSTELLO. Well, it is important for me to tell you also that I don't remember. It is more important for me than it is to you, Mr. Halley. You got me here at a disadvantage. I can't cross examine.

Mr. HALLEY. Well, we are following an orderly procedure authorized by the Congress of the United States. We are going about it as authorized by law, and in every manner, as far as I can control, properly, and, therefore, I am asking you the questions——

Mr. COSTELLO. I know, Mr. Halley, but I have a dozen people throwing questions at me, and you want me to be exact accurately. I don't think the procedures are right when you bring a man in here which is known to be a moron and a liar, like Broderick, and you give him the privilege to get on that stand and testify and make a statement against me. It looks like a moving-picture set.

Mr. HALLEY. Well, I assure you it isn't.

Now we are going to look a little further for the property at Ninety-second Street, because it is some place in this testimony, and I would like very much to have you remember.

Do you remember what you told Mr. Hogan about your investment?

Mr. COSTELLO. I don't remember what I told Mr. Hogan 9 years ago.

Mr. HALLEY. You don't remember that at all?

Mr. COSTELLO. Nine years ago? No; I don't.

Mr. HALLEY. And you don't remember today where you got the money to buy that property?

Mr. COSTELLO. I don't.

Mr. HALLEY. I would like to look for that for just a moment. Do you remember what you paid for the property?

Mr. COSTELLO. I wouldn't even remember that.

Mr. HALLEY. Here we are.

Mr. WOLF. Is this grand-jury testimony, Mr. Halley?

Mr. HALLEY. Yes.

Q. (By Mr. Hogan.) Did you sell any houses or lease any apartment——

Well, we have to go back.

Q. Did you do any other work from 1916 to 1943?

A. Yes.

Q. Where?

A. Well, I was in business. I had the Kolsar Realty Co.

Is that right? Do you remember the Kolsar Realty Co.?

Mr. COSTELLO. Yes.

Mr. HALLEY (reading):

Q. When was that?

A. I have no record here now. Probably from 1922 to 1925.

Q. What did you do in that business?

A. Real estate.

Q. Weren't you in the bootlegging business in those years?

A. Yes; I did both.

Q. Did you sell any houses or lease any apartments?

A. Yes.

Q. How many transactions would you say you had?

A. Well, right offhand I can say we had one transaction on Ninety-second Street and West End Avenue and up in the Bronx we built some homes there; that's 5-story walk-ups. I had one or two big apartment houses.

Q. Where did you get the money to build those houses?

A. Well, I might have got that through bootlegging or some gambling.

Is that your present recollection?

Mr. COSTELLO. Well, if I so stated.

Mr. HALLEY. Do you also remember the Dainties Products Co.?

Mr. COSTELLO. The what?

Mr. HALLEY. Dainties Products Co.

Mr. COSTELLO. Is that an ice-cream company, Mr. Halley?

Mr. HALLEY. Yes.

Mr. COSTELLO. Because it is so far back.

Mr. HALLEY. Yes; it was an ice-cream company. It dealt, I think, with Eskimo pies.

Mr. COSTELLO. That's right.

Mr. HALLEY. When did you go into that?

Mr. COSTELLO. Well, that might have been 1920, I imagine.

Mr. HALLEY. Real early?

Mr. COSTELLO. Real early; yes.

Mr. HALLEY. Well, the question Mr. Hogan asked you about that was, "How much did you put into the Dainties Products Co.?" And your answer was, "About \$15,000 or \$20,000."

Is that right?

Mr. COSTELLO. Well, if that is my answer it is right.

Mr. HALLEY. Then he said: "And you got that from bootlegging and gambling also?"

And your answer was, "Either gambling or bootlegging."

Is that right?

Mr. COSTELLO. Well, I don't know why I should have said bootlegging, because it's 1920, and I don't think that I got it from bootlegging.

Mr. HALLEY. Well, of course you had told him that you were in the bootlegging business between 1922 and 1925.

Mr. COSTELLO. Well, those were other years, on and off I have been bootlegging.

Mr. HALLEY. Well, you have been telling me that you didn't get this money to go into the real-estate business from either gambling or bootlegging, and let us see where we are now.

You mentioned having gone into the doll business with Horowitz; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. I don't think you admitted that you got the money to go into the doll business with Horowitz from gambling, did you, when we talked about it a little while ago. You said you were in no gambling business.

Mr. COSTELLO. Well, I don't know how I got it at that particular time.

Mr. HALLEY. How was your memory 8 years ago when you were before first the grand jury and then before the referee in the Supreme Court in the Aurelio case?

Mr. COSTELLO. How was it?

Mr. HALLEY. Yes.

Mr. COSTELLO. Well it was fairly good.

Mr. HALLEY. Let me read to you the answers that you gave at that time.

Question. That is the same Horowitz that was in the Daisies Co.—

now talking about doll company, and I am reading from page 107 of the referee's report. I would like the record to show that.

Answer. Yes.

Question. How much money did you put in there?

Answer. I put some money in there and I lost it.

Question. And that money was obtained from bootlegging?

Answer. From gambling or bootlegging.

Question. Gambling or bootlegging?

Answer. Yes.

Now, those questions are all in quotes because they were questions you had previously given the grand jury that Mr. Hogan was reading, and he then said to you:

Now, did you give those answers before the grand jury?

And your answer was:

Now, just a second, Mr. Hogan. I might have misunderstood the questions, for the simple reason that we did not have prohibition until 1919, so I could not have got it in 1917 or '18 in bootlegging.

Now that is a different story from that you didn't get into bootlegging until 1927, or '28, or '29, isn't it?

Mr. COSTELLO. Well, the question was put to me and I said that I couldn't have got it from bootlegging at the time. I might have got it from gambling. I might have got it from the doll company. You go back 32 years. I can't just remember.

Mr. HALLEY. And before the referee you went back on your grand-jury testimony and you said you did not get it from gambling or bootlegging; is that right?

Mr. COSTELLO. Well, I don't remember just what the testimony was.

Mr. HALLEY. You did. You went back on it.

Mr. Hogan said:

Then your testimony at the present time is that you did not get the money from gambling or bootlegging; is that true?

You said:

Yes; that is right.

Then he asked you what other work you did between 1916 and 1943. And then you mentioned this Kolsar Realty Co., that we were just talking about, from 1922 to 1925.

And I will read again. He said:

What did you do about that business?

You said:

Real estate.

Q. Weren't you in the bootlegging business in those years?—A. Yes; I did both.

Now, do you want to go back on that testimony, too?

Mr. COSTELLO. Well, I just don't remember if I did, Mr. Halley. I might have—on and off I wouldn't just remember the year, the dates.

Mr. HALLEY. You do remember having so testified; do you not?

Mr. COSTELLO. I don't remember testifying, but if it's on record, it must be so.

Mr. HALLEY. If it is on record, it must be so. And you were under oath?

Mr. COSTELLO. Yes. Naturally, I was under oath.

Mr. HALLEY. From the prohibition days up to the time you invested in 79 Wall Street, as you previously testified, what legitimate occupations have you had, other than to invest your money in real estate?

Mr. COSTELLO. What year?

Mr. HALLEY. In any year.

Mr. COSTELLO. I wish you would phrase that question again. I just didn't—

Mr. HALLEY. What legitimate occupations have you had since 1920?

Mr. COSTELLO. Kolsar Realty Co.

Mr. HALLEY. With the exception of real estate.

Mr. COSTELLO. That ice-cream business.

Mr. HALLEY. That was about 1920. And as I recall it, you stayed in it just a short time and gave it up; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. And wasn't that your last legitimate business? Except for the investment of your moneys in real estate, other than your oil and jet-broiler deal that you were talking about this morning?

Mr. COSTELLO. I suppose so; yes.

Mr. HALLEY. During those years, you engaged first in the liquor business in violation of the law; is that right?

Mr. COSTELLO. Well. I don't know just the exact years.

Mr. HALLEY. And then you engaged in the slot-machine business in New York City in violation of the law; is that right?

Mr. COSTELLO. Well. I don't know if you would call it a violation of a law, for the simple reason there was an injunction restraining order.

Mr. HALLEY. And some judge signed an order restraining an interference with your slot machines; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. At that time, did you know many judges, too?

Mr. COSTELLO. No.

Mr. HALLEY. Eventually a man named Fiorello LaGuardia was elected mayor of New York City, was he not?

Mr. COSTELLO. That's right.

Mr. HALLEY. And by that time the restraining order was vacated; is that right?

Mr. COSTELLO. Yes. I believe he went to the United States Supreme Court with it.

Mr. HALLEY. And he put you out of the slot-machine business; is that right?

Mr. COSTELLO. He did.

Mr. HALLEY. The Supreme Court held that the slot-machine business was illegal; is that right?

Mr. COSTELLO. That's right; five to four decision.

Mr. HALLEY. There was a law on the books of the State of New York saying that it was illegal; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And the question learned and eminent counsel raised on your part was that that law was unconstitutional; is that right?

Mr. COSTELLO. Well, I wouldn't know the law.

Mr. HALLEY. That the State of New York had no power to say a slot machine was illegal; isn't that right?

Mr. COSTELLO. Well it had been mint machines. I believe that was the question.

Mr. HALLEY. The question was, if you had a little package of mints in the machine——

Mr. COSTELLO. That's right.

Mr. HALLEY. And they dropped out when somebody put a coin in, that made it a legal machine?

Mr. COSTELLO. That's right. That was the question.

Mr. HALLEY. And finally the Supreme Court refused to accept that technicality on a five-to-four decision?

Mr. COSTELLO. That's right.

Mr. HALLEY. It was an attempt to get around the law; is that right?

Mr. COSTELLO. Well, we were told we were in the right.

Mr. HALLEY. The lawyer told you you were within your rights?

Mr. COSTELLO. That's right.

Mr. HALLEY. And you figured you would try it out anyway; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And as long as the injunction stayed in effect, you were able to have the slot machines, you made a lot of money; is that right?

Mr. COSTELLO. Well you would make money with it, naturally.

Mr. HALLEY. Then you went into the slot-machine business in Louisiana; is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. And then into the gambling business in Louisiana. By gambling business I mean you had a gambling casino; is that right?

Mr. COSTELLO. I refuse to answer that question.

Mr. HALLEY. Well, you had an interest in the Beverly Club, is that right?

Mr. COSTELLO. That's right.

Mr. HALLEY. We will leave it that way; bearing in mind that you previously testified before the Interstate Commerce Committee of the Senate that at the Beverly Club there was roulette and dice.

Now, Mr. Costello, you have had an interest in the Piping Rock Casino; is that right?

Mr. COSTELLO. No; it is not correct.

Mr. HALLEY. Do we have to start that again?

Mr. COSTELLO. Mr. Halley, give me a chance to explain.

Mr. HALLEY. Well, go ahead.

Mr. COSTELLO. I don't want you to phrase it for the newspaper purpose, and then I have got to go into details.

Mr. HALLEY. I have been going through this examination with you for quite a while, and we are trying to get some facts on the record; and the record is far more important than any statements for purposes extraneous of the record, and let's stay with the record.

Mr. COSTELLO. Give me a chance to explain.

The CHAIRMAN. Mr. Costello, you go right ahead and explain about Piping Rock.

Mr. COSTELLO. I told you that I financed a band called Joe Stein.

This Joe Stein come to me with the proposition, and I was not interested. So he practically insisted, because he wanted to make some money; and I said, "All right, then I will finance you. And whatever you do, we will go 50-50."

So I personally had no interest in the Piping Rock.

Senator TOBEY. Well, we are getting a lesson in economics and high finance here. That is good.

Mr. COSTELLO. Well, Mr. Tobey, Senator—

Senator TOBEY. You don't mean that, do you?

Mr. COSTELLO. No, Senator. Maybe I don't make myself clear.

What I meant, I didn't do no personal business with this particular casino.

Senator TOBEY. But you were a part owner?

Mr. COSTELLO. True.

Senator TOBEY. Sharing the earnings?

Mr. COSTELLO. Yes. Maybe I don't make myself clear, but that's what I mean.

The CHAIRMAN. You mean you didn't go up there and run it; is that it?

Mr. COSTELLO. Yes. I never consulted or spoke to anyone about that proposition but Joe Stein.

Mr. HALLEY. What percentage did you have?

Mr. COSTELLO. I don't remember now, Mr. Halley. It might have been—well, read it. I testified to that.

Mr. HALLEY. Well, you testified two different ways, of course. That was the trouble.

Mr. COSTELLO. Well, tell me the way I testified, and I will rectify it.

Mr. HALLEY. Well, you first told this story, and I will tell it to you. First you said this:

There was a fellow named Stein who came to me, I believe it was around 1940 of 1941, and he told me he could have gotten an interest in the Piping Rock—not Piping Rock, but in the casino—at Saratoga.

By that you mean the casino part of Piping Rock?

Mr. COSTELLO. The casino.

Mr. HALLEY. And you said you told him you weren't interested, and then you said:

I knew the fellow. I knew he was honest. He said he was broke and he wanted to make some money, and I said, "I will loan you a little money," and he said, "I don't want to borrow any money," and you said, "All right, I will finance you. You take it, and if you are successful, we will cut the profits 50-50."

Do you remember that?

MR. COSTELLO. Yes.

MR. HALLEY. And your testimony was that you were Stein's partner in his interest; is that right?

MR. COSTELLO. That's right.

MR. HALLEY. And between you, you had 20 percent; do you remember that?

MR. COSTELLO. I believe it is so.

MR. HALLEY. That is what you told us.

Now, then, it appears that you told a different story before the referee in the Aurelio proceeding. You said:

Stein came to me and gave me this proposition. He had a lease in Saratoga for the Piping Rock, but I told him I was not interested and did not have no time for it. A few days later he came to me and he said, well, he had some people interested, and he said they would not take 100 percent. I said, "What have you got left," and he says, "30." I says, "I will take the 30 percent, under one condition. I will finance my 30 percent, my 30 percent—and you said it twice—"but you will have to look after my interest, because I will probably never be up there." Being that I trusted the man I gave him the money and I had a 30-percent interest.

Is that right, now? Which is it?

MR. COSTELLO. Well, the truth is the last statement I just made to you.

MR. HALLEY. Which is that, that you had half of Stein's interest?

MR. COSTELLO. That's right.

MR. HALLEY. Well, when I asked you that, when I said:

"There was nothing about having half of his interest or anything like that," Mr. Wolf said, "Well, Mr. Halley, that shows you how fallible a person's memory can be."

Now, on which is your memory fallible? Did you have 30 percent of Stein's interest—that is, 50 percent of Stein's interest, or did you have 30 percent of the whole deal?

MR. COSTELLO. No; I had 50 percent of Stein's interest.

MR. HALLEY. Well, do you remember—

MR. WOLF. Mr. Halley, I think—is this going to continue much longer?

MR. HALLEY. No.

MR. WOLF. If it is, I would like an adjournment.

MR. HALLEY. No. I think we can finish shortly. I am aware of Mr. Costello's—

The CHAIRMAN. Well, what is the time now, 12:30?

I think, Mr. Wolf, we will adjourn for an hour and a half, and I hope that within 30 minutes this afternoon, we can finish with Mr. Costello.

MR. HALLEY. I think so.

The CHAIRMAN. After that—wait just a moment. We have not recessed the meeting as yet.

Do you think he will be able to go on after a rest?

MR. WOLF. I am sure he will try to.

MR. HALLEY. Before we recess, I would like to read something into the record, Mr. Chairman. May I?

The CHAIRMAN. Yes.

MR. HALLEY. It is a letter which is already in the record at the closed hearing from Meyer Lansky, signed by Meyer, to Ben Eisman, who, I think, has been identified as his accountant.

The letter reads as follows:

DEAR BEN: The company name is the Saratoga Venture.

Distribution of percentages to partners: Frank Costello, New York, 30 percent; Joseph Stein, New York, 10 percent; Francis Tierney, Saratoga, 10 percent; Sam Kahn, New York City, 10 percent; Jack Lansky, 30 percent.

And then the record shows:

Then there is a sentence that goes on to say:

"And Joe takes half of Jack's outside the partnership on their agreement."

And the Joe, we understand in this case, is Joe Adonis.

The letter ends:

For the future in case it is ever necessary.

The letter is signed by "Your friend, Meyer."

You said you had never seen that letter?

Mr. COSTELLO. No.

The CHAIRMAN. The committee will stand in recess until 15 minutes of 2—or will it be more convenient for the people here, the press, to make it 2 o'clock instead of 1:45?

VOICES. Two o'clock.

The CHAIRMAN. Well, the vote seems to be in favor of 2 o'clock, so we will make it 2 o'clock.

(Whereupon, at 12:35 p. m., a recess was taken until 2 p. m.)

AFTERNOON SESSION

(Thereupon, at the expiration of the recess, the committee reconvened at 2 p. m.)

The CHAIRMAN. The committee will come to order.

We have just received a telegram from Walter G. Winne, who I believe used to be the prosecuting attorney or State's attorney in Bergen County, N. J., which is as follows:

MARCH 21, 1951.

Hon. ESTES KEFAUVER,

New York, N. Y.:

Regarding the testimony of Murtagh and O'Dwyer, request you read to the committee sworn testimony of James Sheils, commissioner of investigations, New York City, who succeeded Murtagh, and John P. McGrath, corporation counsel, city of New York, before the Senate Committee on Interstate Commerce, April 17, 1950, as follows:

"Mr. SHEILS. If you will look at the top¹ of the Bergen County circle for the chart dated August 1947, it shows that 314 phones were disconnected in that county, and of those 314 phones 309 we had on cards in our office * * *. As one example and only for the purpose of an example, we have in the top part of the circle the number 844, which indicates that 844 phones have been disconnected for illegal use and of that number 662 of those phones listed were on the cards in our department under study.

"Mr. McGRATH. I think it would be unfortunate if any impression were left here that there was any disposition on our part to be critical of the enforcement activities of the authorities in New Jersey. Is it a fact that our experience indicates the contrary.

"Mr. SHEILS. That is correct, Mr. McGrath; the only reason that this chart has been presented and the only reason for using the State of New Jersey was because of the close proximity to the city of New York * * *.

"Mr. McGRATH. Would you say that these least two charts which you have produced would justify the inference that there is a genuine and concentrated activity by both the Jersey authorities and the Jersey Telephone Co. in pulling

¹ Pp. 137 and 138 printed testimony of hearings before subcommittee of the Committee on Interstate and Foreign Commerce, United States Senate, 81st Cong., 2d sess., on S. 3358.

out these phones once it has been ascertained that they were being used for illegal purposes?

"Mr. SHIELS. Yes, sir; I would * * *. In spite of the fact that our numbers are rather broad in their coverage and in spite of the fact that a number of them are unfounded as far as such activity is concerned, the numbers which I have just mentioned, so that of 844 disconnected in that particular county, we had 662."

Please give the committee and the public the contents of this telegram indicating complete cooperation between New Jersey and New York in relation to improper use of telephones and the effective removal of suspected phones in Bergen County, notwithstanding Murtagh and O'Dwyer to the contrary.

WALTER G. WINNE.

The CHAIRMAN. I want to say, however, that the testimony before our committee, both as to bookmaking and big time gambling, over a period of many years in Bergen County, N. J., and certain other counties of New Jersey, shows that there has been very poor law enforcement, at least at the county level.

I think Mr. Parsons and Mr. Stamler later on made out very well, but Bergen County under Mr. Winne was a very sorry spectacle, in the opinion of the committee, of good law enforcement.

Here is a letter from Ernest F. Ehlers, the foreman, and Robert P. Brand, acting foreman, of apparently the Kings County grand jury of 1945, dated today, to the chairman of the committee. Mr. Brand was here and I think he said he would either write a letter or testify that the grand jury findings were based upon evidence and that they were not political. Anyway, his letter is:

On behalf of ourselves and the members of the Kings County September 1945 grand jury we resent most vehemently the testimony of Ex-Mayor O'Dwyer before your committee to the effect that the presentments handed up by us in the course of our investigation of his office when he was district attorney were motivated by political intrigue.

This grand jury of 22 public-spirited citizens carefully selected without any ulterior motives, devoted 5 months to the task we were sworn to perform without fear or favor. Our actions were governed only by the evidence produced through sworn testimony, including that of O'Dwyer's.

We urge you to study the grand jury minutes pertaining to the testimony of all of the officials of the district attorney's office.

It is a sad commentary when the efforts of honest, fearless citizens, acting solely for a good, clean government are smeared by accusations of political bias.

We are angry and provoked beyond words to express.

Yours truly,

ERNEST F. EHLERS, *Foreman*,

ROBERT P. BRAND, *Acting Foreman*.

Senator TOBEY. Mr. Chairman, hasn't that direct reference to the presentment which I read yesterday of that grand jury, and examined Mr. O'Dwyer about?

The CHAIRMAN. Yes, Senator Tobey. There were two presentments, as I remember, one in September or October of 1945, and the other, I believe, came—

Senator TOBEY. But even the grand jury report has to be smeared and smirched in the interests of those who are not in sympathy with the work of this committee. Is that a fair comment, Mr. Chairman?

The CHAIRMAN. I think that is a fair comment. That is what these people have to say.

Of course, we have Mr. O'Dwyer's testimony that the grand jury presentment was stricken from the record by Judge Taylor. But apparently these people are very sincere in thinking they were trying to do a creditable job.

The letter will be made a part of the record.

Now, I want to make it clear that some of these matters have come in since Mr. O'Dwyer has testified, and if Mr. O'Dwyer or any other witness who has already testified have some other matters come out after their testimony, we will afford them an opportunity of being heard in Washington, and we will see that they have a full chance to be heard, even though we have to go far into the night during the last few days before March 31.

Now, my attention has been called to a newspaper clipping of the Brooklyn Eagle of December 12, 1940. It is a special to the Brooklyn Eagle from Los Angeles.

I want to direct that a copy of this be sent immediately to Mr. O'Dwyer for any further comment he might wish to make to that.

It says:

Benjamin (Bugsy) Siegel was free today of a charge that he participated in one of the murder for money gang's contract jobs after Brooklyn District Attorney O'Dwyer deliberately had decided not to jeopardize two key witnesses.

The witnesses, Abe (Kid Twist) Reles and Al Tannenbaum, were not brought here by Mr. O'Dwyer before Superior Judge Arthur Crum because: "I owe a direct obligation to the people of my jurisdiction and only an indirect obligation to the people of every other jurisdiction where I can be of help. I want to take no chances with witnesses valuable to me unless I am sure the result will justify my doing so."

Mr. O'Dwyer said he feared that if the testimony here failed to convict Siegel, the Brooklyn cases would be discredited.

"I had believed the former district attorney of Los Angeles County would find local witnesses to support the stories told by Reles and Tannebaum," the Brooklyn prosecutor explained, "but no such evidence was obtained."

Siegel, who was seized 4 months ago hiding in the attic of his \$150,000 Holmby Hills home, was released by Judge Crum in the slaying here of Hymie (Big Greenie) Greenberg, Brooklyn racketeer, "clothed in the presumption of innocence."

Siegel walked out of jail after an unusual court scene in which District Attorney O'Dwyer and newly elected District Attorney John F. Dockweiler, of Los Angeles, argued for the dismissal. Siegel's own lawyers, however, unsuccessfully demanded that he go to trial. The dapper Hollywood and Brooklyn man-about-town and acquaintance of movie stars asked to be tried so that he could be acquitted.

For this reason, police and prosecutors of both Los Angeles and Brooklyn will continue their investigations for additional evidence, and, if they find it, will reopen the case.

I am not saying, but it seems to me that Mr. O'Dwyer testified that he took Reles out there the second time, and maybe he was presented on the witness stand the second time, but if he wants to make any further explanation of what apparently purports to be a direct quotation from him, we will be glad to receive it. It may help to clear up some of the testimony.

Now, Mr. Halley, we have been on this part of the hearing for quite a long time, and we have many other witnesses we want to try to hear before we adjourn. We should get through early this afternoon. So let's try to finish with Mr. Costello in a very short time.

Mr. HALLEY. There are just a few more questions, Mr. Chairman.

FURTHER TESTIMONY OF FRANK COSTELLO, NEW YORK, N. Y.

Mr. HALLEY. Mr. Costello, I would like to read you some testimony from the record of the grand jury of New York County, October 1943—the testimony of Frank Costello.

Q. (by Mr. Hogan). Now, do you know Charles Luciano?

A. Yes.

Q. You knew him very well?

A. I knew him. He is an acquaintance.

Q. Isn't he a friend?

A. Well, I don't know what you are calling a friend—just an acquaintance.

Q. But you were very close to Lucky?

A. I knew him.

Q. You saw him at Hot Springs and other places?

A. The way you meet a million other people.

You were a very good friend of Lucky Luciano's; were you not?

Mr. COSTELLO. I wouldn't say very good friend, but I knew him well.

Mr. HALLEY. You knew him well?

Mr. COSTELLO. Yes.

Mr. HALLEY. You knew him well enough that when he left this country to be deported, you went to Ellis Island to see him off; is that right?

Mr. COSTELLO. I believe I told you the circumstances, Mr. Halley.

Mr. HALLEY. Would you explain those circumstances again?

Mr. COSTELLO. I met Mr. Polakoff, which was his counsel at the time, and he told me that he had Charlie Lucky out of jail, and he was going to be deported, and he was leaving the next day, I believe. I said I would like to see him off. I was curious. He says, "You may, if you want to." He says, "Meet me down in the Battery; and if I can get you in, why you come along."

Mr. HALLEY. This was after the Aurelio proceeding; is that right?—1946.

Mr. COSTELLO. Yes.

Mr. HALLEY. And you had gotten your fingers burned once; is that right?

Mr. COSTELLO. Beg pardon?

Mr. HALLEY. You had gotten your fingers burned once by publicity; had you not?

Mr. COSTELLO. Well, publicity in politics is what I had reference to.

Mr. HALLEY. But your fingers weren't burned in publicity with gangsters; is that right?

Mr. COSTELLO. I don't know what you would call it, but I was a little inquisitive at the time.

Mr. HALLEY. You were more than inquisitive. It was pretty important for you to go and see Lucky Luciano before he left?

Mr. COSTELLO. There was no importance whatsoever.

Mr. HALLEY. Go ahead with your story.

Mr. COSTELLO. So I met him the following morning down at the Battery, and we went over—we went to Ellis Island.

Mr. HALLEY. Who went, you and Polakoff?

Mr. COSTELLO. And Polakoff; yes.

Mr. HALLEY. And anyone else?

Mr. COSTELLO. I just don't remember who was with me, now.

Mr. HALLEY. Wasn't Meyer Lansky there?

Mr. COSTELLO. I believe he was.

Mr. HALLEY. How long did you and Meyer Lansky spend with Lucky Luciano?

Mr. COSTELLO. Oh, I don't know. Maybe a half hour or so. I just don't remember now. It wasn't too long.

Mr. HALLEY. And then did you see Lucky Luciano again after that?

Mr. COSTELLO. Yes.

Mr. HALLEY. When and where?

Mr. COSTELLO. In Habana.

Mr. HALLEY. How did that come about?

Mr. COSTELLO. I was in Miami at the time, and I went to Cuba for a couple of days. I went to Cuba for a couple of days, and I believe I was there just a day or two.

I was checking out of the hotel; I was flying back, and in the lobby I met Charlie Luciano.

Mr. HALLEY. And he rode out to the airport with you; is that right?

Mr. COSTELLO. He did; yes.

Mr. HALLEY. And you talked in an automobile on the way out to the airport?

Mr. COSTELLO. Yes; we spoke; yes.

Mr. HALLEY. What did you talk about?

Mr. COSTELLO. Well, I wouldn't exactly know the exact words, but we spoke of health, and America, and Cuba, and what not; in general. General conversation.

Mr. HALLEY. Did you talk about any business matters?

Mr. COSTELLO. No.

Mr. HALLEY. Or anything pertaining to gambling?

Mr. COSTELLO. No.

Mr. HALLEY. Or anything pertaining to the drug traffic?

Mr. COSTELLO. No. That's ridiculous, Mr. Halley.

Mr. HALLEY. Or anything pertaining to Luciano's business?

Mr. COSTELLO. No.

Mr. HALLEY. Have you seen Luciano since then?

Mr. COSTELLO. No.

Mr. HALLEY. That was in 1947 or 1948; is that right; while he was in Cuba?

Mr. COSTELLO. I believe so; yes.

Mr. HALLEY. Did you see Luciano on the boat when he sailed?

Mr. COSTELLO. No; absolutely none. It is a ridiculous statement that was put in the newspapers.

Mr. HALLEY. There happens to be credible testimony now before this committee by more than one witness that there was a party aboard that boat. We won't argue that. The question was, were you there at the party?

Mr. COSTELLO. Absolutely not.

Mr. HALLEY. You did not attend?

Mr. COSTELLO. Absolutely—

Mr. HALLEY. Let me frame a question, please, so we will have your flat answer under oath.

Did you or did you not attend any party aboard the ship *Laura Keene* with Lucky Luciano before he was deported?

Mr. COSTELLO. No.

Mr. HALLEY. Did you board any vessel to see Luciano before he was deported other than the ferry boat to Ellis Island?

Mr. COSTELLO. No.

Mr. HALLEY. In New Jersey you do know Willie Moretti very well; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you know Longy Zwillman quite well?

Mr. COSTELLO. Yes; I know him.

Mr. HALLEY. You know Jerry Catena?

Mr. COSTELLO. Yes.

Mr. HALLEY. In fact, you took Jerry Catena down to Louisiana with you on at least one occasion; is that right?

Mr. COSTELLO. I don't know if he came down with me or I met him down there.

Mr. HALLEY. But he stayed with you?

Mr. COSTELLO. But he was there on one occasion, I remember.

Mr. HALLEY. And you know James Lynch?

Mr. COSTELLO. No.

Mr. HALLEY. Anthony Guarino?

Mr. COSTELLO. No.

Mr. HALLEY. Anthony Longano?

Mr. COSTELLO. No.

Mr. HALLEY. Just Moretti?

Mr. COSTELLO. That's right.

Mr. HALLEY. You know his brother Solly, of course?

Mr. COSTELLO. Solly.

Mr. HALLEY. And Catena and Zwillman?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you know Loscari, Zwillman's partner?

Mr. COSTELLO. Yes; I know him.

Mr. HALLEY. In Louisiana, of course, you are active and you do know and are in business with Phil Kastel and with Marcello; isn't that right?

Mr. COSTELLO. Repeat that, please.

Mr. HALLEY. I am just restating what the record shows, that in Louisiana you are in business with Phil Kastel; let's take them one at a time.

Mr. COSTELLO. Yes, sir.

Mr. HALLEY. And Carlos Marcello?

Mr. COSTELLO. Yes.

Mr. HALLEY. And in Florida you know Little Augie Pisano?

Mr. COSTELLO. I believe I told you that 15 times, Mr. Halley.

Mr. HALLEY. That's right. We are just summarizing who you know around the country. And you know Joe Massie?

Mr. COSTELLO. I wouldn't say I do.

Mr. HALLEY. Have you met him?

Mr. COSTELLO. I don't believe I have. I might have.

Mr. HALLEY. Do you know Lefty Clark?

Mr. COSTELLO. I believe I have met him.

Mr. HALLEY. And Joe Adonis, of course, is a very good friend of yours?

Mr. COSTELLO. That's right.

Mr. HALLEY. In California you knew Bugsy Siegel very well, I presume?

Mr. COSTELLO. Well, I knew him from New York.

Mr. HALLEY. Do you know Jack Dragon?

Mr. COSTELLO. I don't believe I ever met him.

Mr. HALLEY. Did you know John Roselli?

Mr. COSTELLO. I believe I met John Roselli.

Mr. HALLEY. Do you know Samash?

Mr. COSTELLO. Yes.

Mr. HALLEY. He is a fairly good friend of yours, is he not, Arthur Samash?

Mr. COSTELLO. Yes, I would say so; yes.

Mr. HALLEY. You visited him out there?

Mr. COSTELLO. No; I never visited him.

Mr. HALLEY. Well, you have gone to resorts with him, have you not?

Mr. COSTELLO. Hot Springs.

Mr. HALLEY. Were you ever in any business with him?

Mr. COSTELLO. No.

Mr. HALLEY. Have you ever paid him any money?

Mr. COSTELLO. No.

Mr. HALLEY. Senator Tobey would like to know if Samash ever paid you any money.

Mr. COSTELLO. No.

Mr. HALLEY. How often have you gone to Hot Springs with Arthur Samash?

Mr. COSTELLO. I never went to Hot Springs with Arthur Samash. I met him there.

Mr. HALLEY. You met him there?

Mr. COSTELLO. Yes.

Mr. HALLEY. And you spent time with him there?

Mr. COSTELLO. I believe on two occasions, one or two occasions.

Mr. HALLEY. Where did you first meet him?

Mr. COSTELLO. Oh, I met him about 10 years ago in New York here.

Mr. HALLEY. In New York?

Mr. COSTELLO. That's right.

Mr. HALLEY. Under what circumstances, Mr. Costello?

Mr. COSTELLO. I was introduced to him.

Mr. HALLEY. Who introduced you?

Mr. COSTELLO. I just don't remember who, but I was introduced to him.

Mr. HALLEY. Did you have any business with him at that time?

Mr. COSTELLO. I beg your pardon?

Mr. HALLEY. Did you have any business with him at that time?

Mr. COSTELLO. No.

Mr. HALLEY. Have you ever been in Florida with him?

Mr. COSTELLO. No.

Mr. HALLEY. Just in Hot Springs?

Mr. COSTELLO. I met him there.

Mr. HALLEY. You have met him in Hot Springs?

Mr. COSTELLO. Yes. Not by prearrangement; I just met him there.

Mr. HALLEY. And you spent time together?

Mr. COSTELLO. Yes.

Mr. HALLEY. In various resort hotels in Hot Springs; is that right?

Mr. COSTELLO. Not various; just one hotel.

Mr. HALLEY. The Jack Tar Hotel?

Mr. COSTELLO. No.

Mr. HALLEY. The Arlington?

Mr. COSTELLO. He was at the Arlington, I was at the Jack Tar.

Mr. HALLEY. But you would see each other?

Mr. COSTELLO. Yes.

Mr. HALLEY. Do you know Charlie Fischetti in Chicago?

Mr. COSTELLO. I have met him.

Mr. HALLEY. Have you ever had any business with him?

Mr. COSTELLO. No.

Mr. HALLEY. Where have you met him?

Mr. COSTELLO. Florida.

Mr. HALLEY. Any place else?

Mr. COSTELLO. I have met him a few times at eastern tracks here years back.

Mr. HALLEY. Were you ever in Chicago?

Mr. COSTELLO. Yes.

Mr. HALLEY. Did you ever see Charlie Fischetti in Chicago?

Mr. COSTELLO. I might have seen him in Chicago in a night club there.

Mr. HALLEY. Were you ever in the Hotel Lexington in Chicago?

Mr. COSTELLO. No.

Mr. HALLEY. You know that was Al Capone's headquarters?

Mr. COSTELLO. I don't know whose headquarters that was.

Mr. HALLEY. You knew Al Capone?

Mr. COSTELLO. I told you before I met him in Florida.

Mr. HALLEY. Do you know Rocco Fischetti?

Mr. COSTELLO. I believe I had the occasion of meeting him.

Mr. HALLEY. Do you know Tony Accardo?

Mr. COSTELLO. I think I have met him once.

Senator TOBEX. You would never forget him if you did.

Mr. HALLEY. By the way, do you know Mickey Cohen, out in Los Angeles?

Mr. COSTELLO. No.

Mr. HALLEY. Do you know Jake Guzik?

Mr. COSTELLO. I told you I met him—I told you before I have—

Mr. HALLEY. And you denied ever having any business with him?

Mr. COSTELLO. No; never had any business with him.

Mr. HALLEY. And do you know Tony Gizzo, in Kansas City?

Mr. COSTELLO. I believe I met him in Hot Springs, or New Orleans.

Mr. HALLEY. Did you know Charley Binaggio?

Mr. COSTELLO. No.

Mr. HALLEY. Or Gargotta, in Kansas City?

Mr. COSTELLO. No.

Mr. HALLEY. Do you know Lococo in Kansas City?

Mr. COSTELLO. No.

Mr. HALLEY. Just Tony Gizzo?

Mr. COSTELLO. Yes; I never been there in my life.

Mr. HALLEY. He was the traveling secretary, as I see it, for Kansas City.

Did you know Sam Matio or Macio, in Texas?

Mr. COSTELLO. Yes; I might have met him in New Orleans.

Mr. HALLEY. Now, is it just an accident that you have met all these people, or is there some relationship between yourself and these people whom we have been talking about, that you happened to meet?

Mr. COSTELLO. Mr. Halley, there is no relationship whatsoever.

Mr. HALLEY. Were you in Miami in the early part of 1950?

Mr. COSTELLO. I imagine I was.

Mr. HALLEY. And where were you staying?

Mr. COSTELLO. I was down for a few days, and I don't even remember.

Mr. HALLEY. You stayed at what hotel, do you remember, the Frontenac?

Mr. COSTELLO. It might have been the Frontenac.

Mr. HALLEY. One of the big hotels?

Mr. COSTELLO. Yes.

Mr. HALLEY. And do you remember seeing Willie Moretti down there while you were there?

Mr. COSTELLO. Yes; I believe I seen him there.

Mr. HALLEY. And Tony Accardo?

Mr. COSTELLO. No.

Mr. HALLEY. Didn't you just bump into him while you were down there?

Mr. COSTELLO. No.

Mr. HALLEY. And Joe Adonis?

Mr. COSTELLO. No.

Mr. HALLEY. And Nick Delmore?

Mr. COSTELLO. I might have met Nick Delmore, yes, at the race track.

Mr. HALLEY. By the way, I forgot to mention him. He is another man from New Jersey. You know him well?

Mr. COSTELLO. No; not too well.

Mr. HALLEY. And Longy Zwillman, did you see him down there?

Mr. COSTELLO. I don't believe I did.

Mr. HALLEY. Was there any kind of a convention or meeting in Miami Beach in the early part of last year?

Mr. COSTELLO. Absolutely not, Mr. Halley.

Mr. HALLEY. When I asked you about this a month ago, you said you might have met him. Well, that might not necessarily referred to last year.

A great many of these gentlemen were in Miami Beach during the few days you were there. Is it your testimony that you did not meet them?

Mr. COSTELLO. The ones that I met, I answered that question.

Mr. HALLEY. Did you go to any meeting in any homes while you were there?

Mr. COSTELLO. No; not that I remember.

Mr. HALLEY. Did you ever attend the convention at Atlantic City at which the territory for gambling throughout the United States was divided up?

Mr. COSTELLO. No; it is ridiculous.

Mr. HALLEY. Is it ridiculous that the gambling territory for this country has been divided up in order to avoid gang warfare?

Mr. COSTELLO. As far as I am concerned, Mr. Halley, it is.

Mr. HALLEY. I have no further questions.

The CHAIRMAN. Senator Tobey.

Senator TOBEY. I would like to ask a few questions. I won't be over 10 minutes.

This morning, in speaking about your net worth, and the controversy which we had together and with Mr. Wolf, there was one question neither Mr. Halley nor I wanted to bring out, and because it had a potential, if true, I propound it to you.

With reference to your quick assets, your wealth, have you in your possession or in the possession of your wife or any friends in your behalf, a bank cashier's check payable to you or friends or your wife, which you are holding as good as cash but not cash—bank cashier's checks? Do you know what they are?

Mr. COSTELLO. Yes.

Senator TOBEY. Have you any of these?

Mr. COSTELLO. No; I haven't.

Senator TOBEY. Why did you decide to take out naturalization papers in this country?

Mr. COSTELLO. I wanted to be an American citizen.

Senator TOBEY. And why did you want to be an American citizen?

Mr. COSTELLO. Why? Because I love this country.

Senator TOBEY. During these years since you have been here, have you prized the privilege of being a citizen of the United States?

Mr. COSTELLO. I believe I have.

Senator TOBEY. Do you appreciate the rights that are yours as an American citizen?

Mr. COSTELLO. I do.

Senator TOBEY. Has this country come up to your anticipations?

Mr. COSTELLO. Has it?

Senator TOBEY. Yes.

Mr. COSTELLO. Yes.

Senator TOBEY. In the years which have elapsed since you became a citizen you have fared pretty well in material things; have you not?

Mr. COSTELLO. I have.

Senator TOBEY. Yes. Home, money, and so forth, friends?

Mr. COSTELLO. Yes.

Senator TOBEY. When you signed or had someone sign your naturalization papers, what did you promise to do as a citizen of the United States?

Mr. COSTELLO. Well, I promised to obey, naturally.

Senator TOBEY. Obey what?

Mr. COSTELLO. The Constitution.

Senator TOBEY. And the laws?

Mr. COSTELLO. That's right.

Senator TOBEY. All right. Have you always upheld the Constitution and the laws of your State and Nation?

Mr. COSTELLO. I believe I have.

Senator TOBEY. Have you offered your services to any war effort of this country?

Mr. COSTELLO. No.

Senator TOBEY. Bearing in mind all that you have gained and received in wealth, what have you ever done for your country as a good citizen?

Mr. COSTELLO. Well, I don't know what you mean by that.

Senator TOBEY. You are looking back over the years, now, to that time when you became a citizen.

Now, spending 20-odd years after that, you must have in your mind some things you have done that you can speak of to your credit as an American citizen. If so, what are they?

Mr. COSTELLO. Paid my tax.

Senator TOBEY. You came over to the United States under the name of Francisco Castiglia, did you not?

Mr. COSTELLO. That's right.

Senator TOBEY. That was deceit, was it not?

Mr. COSTELLO. It was not.

Senator TOBEY. It wasn't?

Mr. COSTELLO. Just what do you mean, deceit?

Senator TOBEY. It was not deceit? Did you come in as Castiglia's name, and then you changed to Costello right afterward?

Mr. COSTELLO. On my citizenship, yes.

Senator TOBEY. How soon afterward?

Mr. COSTELLO. Well, not afterward—well, I have used that as long as I can remember.

Senator TOBEY. The Costello?

Mr. COSTELLO. Yes; outside of one occasion.

Senator TOBEY. All right. You were a bootlegger in 1922, later bringing liquor in and arranging to have it brought in from England and Canada; is that correct?

Mr. COSTELLO. No; it is incorrect.

Senator TOBEY. And in your testimony before us, I think the record will substantiate it. But if you did bring liquor in, and were a bootlegger, then you were against the laws and the Constitution, were you not? You flaunted the Constitution, violated the laws, if that evidence is correct that I speak of; is that right?

Mr. COSTELLO. If the evidence is correct. But I haven't.

Senator TOBEY. Didn't you bring liquor in or cause it to be brought in from Canada and alluded to it as your liquor in a gathering, and didn't you sell it to people in this country?

Mr. COSTELLO. I bought liquor and sold it. But I didn't directly, myself, transport it.

Senator TOBEY. When you did that you broke the laws and flaunted the Constitution, did you not?

Mr. COSTELLO. Well, you can call it that; yes.

Senator TOBEY. You call it that?

Mr. COSTELLO. Yes.

Senator TOBEY. Do you realize, with me and all good citizens, that there can be no qualified allegiance to the Constitution of the United States?

Mr. COSTELLO. Well, I wasn't the only one, Senator.

Senator TOBEY. I didn't ask you that. You are the only man I am questioning now, sir. You are the one man I am questioning now, and I am asking Frank Costello if that is a true statement, or is it not?

Mr. COSTELLO. Yes.

Senator TOBEY. All right. Now, did a man named Garrson, who was a partner of a Congressman named Andrew J. May, of Kentucky, and who was chairman of the Military Affairs Committee of the House, and who went to jail with the Garrsons, do you know that man Garrson; did you ever meet him?

Mr. COSTELLO. Yes; I have met him.

Senator TOBEY. Where did you meet him?

Mr. COSTELLO. In New York.

Senator TOBEY. Under what circumstances?

Mr. COSTELLO. I don't believe I know the circumstances.

Senator TOBEY. Well, let's try to be definite.

Mr. COSTELLO. I don't know him very well.

Senator TOBEY. Did Mr. Garrson get cash from you to help in the political effort down in Kentucky?

Mr. COSTELLO. Absolutely not.

Senator TOBEY. Nothing?

Mr. COSTELLO. Nothing.

Senator TOBEY. Did you not take up with Mr. May through Mr. Garrson the privilege of getting slot machines into Kentucky?

Mr. COSTELLO. Absolutely not.

Senator TOBEY. And weren't the slot machines installed in part of Kentucky thereafter, but not all?

Mr. COSTELLO. Absolutely not.

Senator TOBEY. You are sure of that?

Mr. COSTELLO. Absolutely.

Senator TOBEY. All right. Do you know a man named Frankie Mario?

Mr. COSTELLO. Yes.

Senator TOBEY. And where does he live?

Mr. COSTELLO. I don't know where he lives.

Senator TOBEY. How well do you know him?

Mr. COSTELLO. Just an acquaintance.

Senator TOBEY. He lives at the Windsor Hotel, does he not?

Mr. COSTELLO. I wouldn't know.

Senator TOBEY. You never heard that?

Mr. COSTELLO. I heard of the Windsor Hotel; yes.

Senator TOBEY. Doesn't he hang around the Copacabana, and isn't he actually, in the last analysis, your contact man to collect money from bookies, and so forth?

Mr. COSTELLO. Why, that's ridiculous, Senator.

Senator TOBEY. You needn't say it is ridiculous. Is it true; yes or no?

Mr. COSTELLO. I am sorry; no.

Senator TOBEY. Save that voice of yours; we are not through with you yet.

Now, you know a man named Sam Alano or Lane, in Virginia?

Mr. COSTELLO. No.

Senator TOBEY. Never heard of him?

Mr. COSTELLO. No.

Senator TOBEY. In 1945, whom did you prefer for mayor, Mayor O'Dwyer or Mayor Goldstein or Mr. Goldstein? Whom did you support?

Mr. COSTELLO. I supported no one.

Senator TOBEY. Whom did you vote for?

Mr. COSTELLO. No one.

Senator TOBEY. In 1949, whom did you prefer, Mayor O'Dwyer or Newbold Morris?

Mr. COSTELLO. No one.

Senator TOBEY. Didn't you say a few minutes ago you were a good citizen?

Mr. COSTELLO. Yes.

Senator TOBEY. You don't vote? Is that a test of good citizenship to refrain from voting?

Mr. COSTELLO. Well, there are millions who don't vote.

Senator TOBEY. That isn't the question, sir. Guilt is personal in this country.

How often have you visited Mayor O'Dwyer?

Mr. COSTELLO. I never visited Mayor O'Dwyer.

Senator TOBEY. How many times did James Moran bring you messages from Mayor O'Dwyer?

Mr. COSTELLO. He never brought me any messages.

Senator TOBEY. How many times did Irving Sherman bring you messages from any political force in this city?

Mr. COSTELLO. Never.

Senator TOBEY. How many times have you seen Irving Sherman in this world?

Mr. COSTELLO. Hundreds of times.

Senator TOBEY. And where is he now?

Mr. COSTELLO. I couldn't tell you.

Senator TOBEY. Couldn't you go up on behalf of this committee and say, "Irving, come down; there's a warm welcome waiting for you down in the Federal courtroom"; could you do that for us?

Mr. COSTELLO. No, I couldn't do it. I wouldn't know where he is.

Senator TOBEY. Now I am interested to ask you—and I don't do this with bitterness; it is my job to ask you questions and yours to answer them—I want to ask you a little bit more about the Aurelio case, and we needn't be long about it.

You did use your influence and efforts, best efforts, to get Mr. Aurelio elected, did you not?

Mr. COSTELLO. I testified to that.

Senator TOBEY. Yes, exactly.

Mr. COSTELLO. That's right.

Senator TOBEY. Now, what other members of the judiciary, if any, did you, or were you ever interested in to get elected and into office?

Mr. COSTELLO. No other.

Senator TOBEY. Aurelio was the only case?

Mr. COSTELLO. Absolutely.

Senator TOBEY. That is all I have.

The CHAIRMAN. Anything else?

Mr. Costello, I believe that in talking about Piping Rock, that you didn't bring out the fact that Monte Prosser was the operator of the restaurant, or the casino, out there?

Mr. COSTELLO. Well, I was under the impression that Monte Prosser was a showman.

The CHAIRMAN. He was a very good friend of yours?

Mr. COSTELLO. Well, I know him pretty well; yes.

The CHAIRMAN. Wasn't that part of the way you went in on the deal, that Monte Prosser would be the operator, would be the man in charge?

Mr. COSTELLO. No, I never had any business with Monte Prosser.

The CHAIRMAN. But he was the man who ran Piping Rock during the time you had a percentage of the interest up there; is that correct?

Mr. COSTELLO. Well, I understand the Copacabana had a restaurant there.

The CHAIRMAN. Yes. Did you know, or did you find out afterward that Joe Adonis also had an interest in Piping Rock at the time you were there?

Mr. COSTELLO. Later, yes.

The CHAIRMAN. You did not know that at the time?

Mr. COSTELLO. Not at the time that I was spoken to about the deal.

The CHAIRMAN. Monte Prosser did have or now has the Copa, does he not?

Mr. COSTELLO. Yes.

The CHAIRMAN. I believe at one time it was operated under a trusteeship with a young newspaperman, was it?

Mr. COSTELLO. I wouldn't know, Senator.

The CHAIRMAN. Now, Mr. Costello, in talking about whether you financed other people to be in business, didn't you finance your brother-

in-law, Geigerman, in New Orleans, in the Louisiana Mint Co, and other ventures you have had with the Geigermans?

Mr. COSTELLO. No.

The CHAIRMAN. That was their own money that they went into this venture with?

Mr. COSTELLO. That's right.

The CHAIRMAN. There have been rumors, and I think for the record we ought to ask, this Jake Lansky was in the Louisiana Mint Co. with you, and he also had an interest in various clubs and gambling casinos in Florida, and in Dade County, or in Brower County, I believe. Did you have an interest in any of those with Jake Lansky, or with anyone else?

Mr. COSTELLO. Absolutely not.

The CHAIRMAN. You know the clubs, the Colonial Inn and The Barn, I believe?

Mr. COSTELLO. Absolutely not.

The CHAIRMAN. You did not.

You apparently make considerable income each year by successfully betting; that is correct, isn't it?

Mr. COSTELLO. Yes.

The CHAIRMAN. Which you reported and paid a tax on.

I believe that you said more recently you have been doing business through a commissioner, a betting commissioner, Ed Kerr, at Lexington?

Mr. COSTELLO. I did business with the gentleman; yes.

The CHAIRMAN. Was that last year, or when was that?

Mr. COSTELLO. Last year.

The CHAIRMAN. What particular kind of bets did you place with him? You didn't do your horse betting with him, did you?

Mr. COSTELLO. No, strictly football.

The CHAIRMAN. And did you do any basketball betting with him?

Mr. COSTELLO. No.

The CHAIRMAN. This fellow who has been shown up in this basketball scandal is alleged to live in the same apartment house that you do. Do you know him?

Mr. COSTELLO. I never heard of the man in my life until it came out in the newspapers.

The CHAIRMAN. Well, I think in order to get the facts out, I should ask you about it, because I have seen that in that connection, and there is interest in the fact that you lived in the same apartment, and you might know him; so I wanted to ask you about it.

Mr. COSTELLO. I never met the gentleman.

The CHAIRMAN. What is his name? Solazzo? That is the man we are talking about.

Mr. COSTELLO. I never met him.

Did you know Max Greenberg, who was killed in Elizabeth, N. J., in 1933?

Mr. COSTELLO. No.

The CHAIRMAN. Or Max Kassel; did you know him?

Mr. COSTELLO. No, sir.

The CHAIRMAN. You didn't have any business with either one of them?

Mr. COSTELLO. No.

The CHAIRMAN. Now, when we were in California your name was brought into a slot machine matter with a chap by the name of Louis E. Wolcher. Do you know Louis Wolcher?

Mr. COSTELLO. Never heard of the name.

The CHAIRMAN. Did you ever have any business with Louis Wolcher?

Mr. COSTELLO. No.

The CHAIRMAN. Mr. Costello, you do have a nephew, I believe—Russell Costello?

Mr. COSTELLO. No.

The CHAIRMAN. You do not?

Mr. COSTELLO. No, sir.

The CHAIRMAN. What is your brother's name?

Mr. COSTELLO. Ed.

The CHAIRMAN. Does he have a son, Russell Costello?

Mr. COSTELLO. No, sir.

The CHAIRMAN. Do you remember the Costello who was in business in Syracuse, in Binghamton, N. Y., under the name of B. J. Sanborn & Co.?

Mr. COSTELLO. No, sir.

The CHAIRMAN. Do you know that company?

Mr. COSTELLO. No.

The CHAIRMAN. There wasn't a Costello, a nephew or some relative of yours, who was in the stock selling business with Phil Kastel?

Mr. COSTELLO. No.

The CHAIRMAN. Are you sure about that?

Mr. COSTELLO. Positive.

The CHAIRMAN. And you don't know of any Russell Costello at all?

Mr. COSTELLO. I believe I know a Russell Costello; and he's a waiter, a captain, or something.

The CHAIRMAN. But you have never known one who was in the bucket-shop business, the stock-selling business?

Mr. COSTELLO. No.

The CHAIRMAN. Did you know Phil Kastel when he was in the stock-selling business?

Mr. COSTELLO. No.

The CHAIRMAN. You met him after that time?

Mr. COSTELLO. That's right.

The CHAIRMAN. Didn't you send him money when he was in the penitentiary down in Atlanta?

Mr. COSTELLO. No.

The CHAIRMAN. You didn't know him before he went down there?

Mr. COSTELLO. Yes; I knew him before.

The CHAIRMAN. Well, he was sent down in connection with his stock-selling activities, wasn't he?

Mr. COSTELLO. Yes.

The CHAIRMAN. Then didn't you know him when he was in that business?

Mr. COSTELLO. But he wasn't in business. I believe he was under indictment at the time, but he was out of business, what I meant.

The CHAIRMAN. He got out of business and you met him?

Mr. COSTELLO. In other words, Senator, I didn't know him prior to his indictment.

The CHAIRMAN. I see. Well, did you send him money when he was in the penitentiary at the time?

Mr. COSTELLO. No.

The CHAIRMAN. Do you know someone called Big Jim Pemberton?

Mr. COSTELLO. A leader? Jim Pemberton?

The CHAIRMAN. Yes.

Mr. COSTELLO. Yes; I knew him.

The CHAIRMAN. What is your connection with him?

Mr. COSTELLO. Oh, I just knew him; just knew him. You see, Senator, this is my neighborhood. I have been here all my life.

The CHAIRMAN. You just knew him as a friend and a political leader; you didn't have any business with him?

Mr. COSTELLO. No; I believe he is dead now.

The CHAIRMAN. Yes; I believe he is dead. I should have said that.

Do you have any more questions, Senator Tobey?

Senator TOBEY. I just have one. Mr. Costello, do you own any gold?

Mr. COSTELLO. No.

Senator TOBEY. Do you own any diamonds?

Mr. COSTELLO. No.

Senator TOBEY. Do you own any war bonds, or did you ever own any United States war bonds?

Mr. COSTELLO. Yes.

Senator TOBEY. To what extent?

Mr. COSTELLO. I won't answer that question.

The CHAIRMAN. Well, there certainly isn't anything incriminating about asking about your ownership of war bonds.

Mr. WOLF. May I advise the witness?

The CHAIRMAN. Yes.

Mr. WOLF. The question is "do you" or "did you"? What is the question?

Senator TOBEY. The question is——

The CHAIRMAN. To what extent did he own any.

Senator TOBEY. Yes.

Oh, come across and answer the question, for heaven's sake.

Mr. WOLF. Just one moment, Senator. I am trying to advise with my client.

Senator TOBEY. Well, it is a simple question.

Mr. WOLF. It may be a simple question, but I think the witness is entitled to the advice of his counsel.

The CHAIRMAN. All right. You advise as quickly as you can.

Mr. COSTELLO. I have none.

Senator TOBEY. Did you ever own any?

Mr. COSTELLO. No.

Senator TOBEY. Then your testimony, as I understand it, is that you have not now, you don't own any now, and you never have owned any United State war bonds; is that correct?

Mr. COSTELLO. I have bought some under Mrs. Costello's name to give to Mrs. Costello.

Senator TOBEY. Has she them now?

Mr. COSTELLO. I believe she has.

Senator TOBEY. In what amounts?

Mr. COSTELLO. I couldn't tell you.

Senator TOBEY. Were you ever interested in the race track situation in New Jersey?

Mr. COSTELLO. No.

Senator TOBEY. My concluding question is addressed to you, sir, and it is an important question. Will you now comply with your agreement with this committee made last February and keep your word then given and give this committee a sworn statement of your net worth and assets and liabilities?

Mr. COSTELLO. I will not.

The CHAIRMAN. Mr. Costello, did you know Murray Olf?

Mr. COSTELLO. Yes.

The CHAIRMAN. Where did you know him?

Mr. COSTELLO. From New York.

The CHAIRMAN. Well, he was in this B. J. Sanborn & Co., stock brokers in Syracuse and Binghamton, wasn't he?

Mr. COSTELLO. I don't remember what business he was in then.

The CHAIRMAN. Didn't you know he was in the stock-selling business?

Mr. COSTELLO. I wouldn't remember. I don't remember what business he was in.

The CHAIRMAN. How well did you know Murray Olf?

Mr. COSTELLO. Well, just knew him fairly well.

The CHAIRMAN. You don't think there was anyone by the name of Costello who was in business with him, anyone you knew of by the name of Costello who was in business with him?

Mr. COSTELLO. No; I wouldn't know.

The CHAIRMAN. Now, your brother, how many children does he have, and what are their names? Or what is his son's name? Does he have any sons?

Mr. COSTELLO. He has Louis. That is his son, Louis Costello.

The CHAIRMAN. What does he do?

Mr. COSTELLO. He is in New Orleans.

The CHAIRMAN. And who else?

Mr. COSTELLO. He has no other son.

The CHAIRMAN. And Louis wasn't in the stock business at any time?

Mr. COSTELLO. No; not to my knowledge; no.

The CHAIRMAN. Well, you would know if he was, wouldn't you?

Mr. COSTELLO. Yes; I imagine I would. No; he wasn't; never.

The CHAIRMAN. All right, is there anything else?

Mr. HALLEY. No.

The CHAIRMAN. Well, that is all, Mr. Wolf and Mr. Costello. I don't think we will want to call you before the committee again, Mr. Costello, but you will remain under subpoena in the event there is anything else we want. If there is, we will get in touch with Mr. Wolf.

As to these matters that we have here, with respect to the contempt, I think we have stated our position, and we will state it again later on.

We will defer action, Mr. Wolf, on the question of his refusal to state his net worth, and whether there was a waiver by virtue of his previous testimony, until we have received and studied your brief. I understand that you will send it in by Monday?

Mr. WOLF. I will send it in before Monday.

The CHAIRMAN. You will send it—

Mr. WOLF. I will send it to Mr. Halley.

The CHAIRMAN. All right, you will send it to Mr. Halley, and I wish you would send me a copy.

All right.

Mr. Brundige.

Mr. BRUNDIGE. Ladies and gentlemen, Mr. Costello has been a rather mysterious figure to you of the television audience because he was not photographed, but at this time Mr. Costello is willing to face the camera and let you have a good look at him.

Mr. Costello, as the photographer says to the little boy, will you smile a little bit?

The CHAIRMAN. All right; that is all. Call Mr. John Crane, please.

The CHAIRMAN. All right, the committee will come to order.

FURTHER TESTIMONY OF JOHN P. CRANE, ASSOCIATION OF FIRE FIGHTERS, ACCOMPANIED BY MR. GELB, ATTORNEY, NEW YORK, N. Y.

The CHAIRMAN. Mr. Crane was before the committee some days ago, and he has already been sworn.

Mr. HALLEY. Mr. Crane, when you last appeared before the committee, you were asked some questions and you refused to answer them; is that right?

Mr. CRANE. Yes, sir.

Mr. HALLEY. And I wish to advise you that since then the committee has made application for certain testimony which you previously gave before the New York County grand jury; and in that connection I would like Mr. Shivitz, of counsel to the committee, special counsel to the committee in New York, to state to the committee what application was made, and the disposition.

Would you make a statement, Mr. Shivitz?

Mr. SHIVITZ. Yes, Mr. Halley. On instructions from the committee, I worked on an application last night, together with associate counsel Walsh, to be presented to the court of general sessions for the use and inspection of the grand jury minutes of January 4, 1951, grand jury, presided over by Judge Francis Valente of the court of general sessions. Notice of that application was given to Mr. Frank Hogan, district attorney of New York County. A member of his staff, Mr. Scotti, appeared before Judge Valente when I made the application, presented the application to the judge this morning, and stated the position of the district attorney to be that he was not opposing the application nor consenting to it, leaving the matter to the discretion of the court.

After hearing the argument of counsel, the court granted the application. The minutes have been made available to the committee.

The CHAIRMAN. Well, Mr. Shivitz, I think we should have in the record a copy of the application and a copy of the court's order.

Mr. SHIVITZ. That is here, and a copy will be placed in the record.

The CHAIRMAN. It will be read into the record and placed in the record at this point.

COURT OF GENERAL SESSIONS

COUNTY OF NEW YORK

In the matter of the application of the Special Committee of the United States Senate To Investigate Organized Crime in Interstate Commerce for the release of the grand jury minutes in a proceeding entitled "People of the State of New York versus John Doe"

STATE OF NEW YORK,

County of New York, ss:

David I. Shivitz, being duly sworn, deposes and says: That he is special counsel to the United States Senate Special Committee To Investigate Organized Crime in Interstate Commerce pursuant to Senate Resolution 202, 1950 (81st Cong.). A copy of said resolution is annexed hereto and made a part hereof.

Deponent is informed and verily believes that certain testimony adduced before the fourth grand jury, for the January 1951 term, relative to an investigation of the Fire Department of the City of New York, and Association of Firemen and Officers, is at variance with testimony adduced before the petitioner-committee.

It is your deponent's belief that an order making this testimony of John P. Crane available for the specific and proper purpose of this committee would be in the public interest and in the interest of law enforcement.

Wherefore, your deponent prays that an order be made and entered for the release of the grand jury minutes aforesaid directing and authorizing the district attorney of New York County to release to the petitioner-committee the transcript of the testimony before the grand jury for the use by the petitioner-committee.

No previous application has been made for the relief herein sought.

DAVID I. SHIVITZ,

Sworn to before me this 20th day of March 1951.

JAMES D. WALSH,

Notary Public in the State of New York.

Commission expires March 30, 1951.

At a stated term of the court of general sessions, in and for the county of New York, held in and for the county of New York, at the Criminal Courts Building, 100 Centre Street, Borough of Manhattan, city of New York, on the 21st day of March 1951.

Present: Hon. Francis L. Valente, judge.

In the matter of the application of the Special Committee To Investigate Organized Crime in Interstate Commerce for the release of the grand jury minutes in a proceeding entitled "People of the State of New York versus John Doe."

On reading and filing the annexed affidavit of David I. Shivitz, special counsel to the Special Committee of the United States Senate To Investigate Organized Crime in Interstate Commerce, duly verified the 20th day of March 1951, and it appearing that it will be in the public interest and in the interest of law enforcement to authorize and direct the district attorney of New York County to release a transcript of the grand jury minutes in the above-entitled proceeding to said Special Committee of the United States Senate To Investigate Organized Crime in Interstate Commerce; it is now, on motion of Rudolph Halley, chief counsel to said committee.

Ordered. That the district attorney of New York County be, and he hereby is, directed and authorized to release to petitioner-committee a transcript of the testimony of John P. Crane, taken before the said grand jury in the above-entitled proceeding, for the examination and use by said committee in the course of its investigation.

Enter.

FRANCIS L. VALENTE, J. G. S.

MR. HALLEY. Now, Mr. Crane, I believe you testified last time you were before the committee that in connection with your work for the firemen's association you had frequent meetings with Mr. Moran.

MR. CRANE. I said constantly at that time.

MR. HALLEY. And I believe you also testified that at a certain time in 1946 Mr. Moran told you that he was a poor man?

Mr. CRANE. I don't think I gave a date on that occasion. However, I did testify Mr. Moran said he was a poor man.

Mr. HALLEY. And after he told you he was a poor man, did you take certain action with respect to him?

Mr. CRANE. Subsequently I made him a gift of \$5,000.

The CHAIRMAN. Now, just a minute. When was this? Let's get the——

Mr. CRANE. I couldn't give you the date, Senator.

Mr. GELB. May I make an observation?

The CHAIRMAN. Excuse me. I think Mr. Halley was going to ask about it.

Mr. GELB. Before he does?

The CHAIRMAN. If you want to make an observation——

Mr. GELB. Just a short observation. The witness testified before the grand jury, and the grand jury proceedings are of course secret. The committee saw fit to obtain the grand jury minutes. A judge of the court of general sessions saw fit to sign such an order, and the grand jury minutes have been made available to the committee. Therefore, I have advised the witness, inasmuch as the grand jury minutes are in the possession of the committee, to answer the questions put to him.

Mr. HALLEY. Thank you, Mr. Gelb.

Mr. HALLEY. Would it refresh your recollection, Mr. Crane, if I read to you from your testimony as appears on page 451 of the minutes of the New York County grand jury on February 8, 1951, as follows:

Sometime in 1946—and this is what you want to know, Mr. Hogan—Mr. Moran was appointed deputy fire commissioner, and I want to say that I admire Mr. Moran. But at least he was a man that had some basis you could work with. Moran allegedly was strong enough in his position in the O'Dwyer administration that if he said no, nobody could move O'Dwyer to say yes.

Is that your recollection?

Mr. CRANE. I would say yes to that.

Mr. HALLEY. In fact, from the point of view of your association, would you say that Mr. Moran's friendship was very valuable to you?

Mr. CRANE. I would say Mr. Moran's friendship is very valuable to any man he considers a friend.

Mr. HALLEY. Do you recall that in answer to a question by Mr. Scotti you said, "I am certain it was toward the end of 1946. I cannot associate any other time with it."

Mr. CRANE. That's right.

Mr. HALLEY. Do you recall whether you paid that \$5,000 to Mr. Moran in currency?

Mr. CRANE. It was paid in either \$50 or \$100 bills, or both.

Mr. HALLEY. Where did you deliver that to him?

Mr. CRANE. On the eleventh floor of the Municipal Building.

Mr. HALLEY. Did you hand it to him yourself, in person?

Mr. CRANE. Yes, sir.

Mr. HALLEY. In his own office?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Was anyone else present?

Mr. CRANE. No one was present.

Mr. HALLEY. Was that money which was previously withdrawn from the bank account of your union?

Mr. CRANE. I believe so. There was no other place to get it from.
Mr. HALLEY. During the year 1947 did you cash four checks each in the amount of \$5,000?

Mr. CRANE. I had such checks cashed.

Mr. HALLEY. Did you obtain on four separate occasion \$5,000 each in cash?

Mr. CRANE. Yes.

Mr. HALLEY. What did you do with that cash?

Mr. CRANE. That was given to Mr. Moran.

Mr. HALLEY. In what form was that money?

Mr. CRANE. That money was given in cash to promote the good will of Mr. Moran on behalf of the firemen.

Mr. HALLEY. Did you find that Mr. Moran took any action to aid the firemen during the year 1947 or subsequently?

Mr. CRANE. Mr. Moran helped us many times in many small things, but mostly the knowledge in the department among chief officers in particular, that Mr. Moran and Mr. Quayle were friends of the firemen and assured the firemen of fair hours and from the chief officers would be given good treatment, and that primarily was my concern within the department. We grew up in the fire department, in the discipline of fear, and it was only removed under Commissioner Quayle's administration.

Mr. HALLEY. Where did you give this money to Mr. Moran in 1947?

Mr. CRANE. Any moneys I gave Mr. Moran in 1947 was given to him in his office.

Mr. HALLEY. In 1948 did you give \$3,500 as a campaign contribution to anybody?

Mr. CRANE. In 1948, some time I believe in April, I contributed \$3,500 to Mr. Crews, which I believe went to the Oregon primary campaign of Governor Dewey.

Mr. HALLEY. What is the basis for your belief? Did you have any conversation—

Mr. CRANE. The basis for my belief is that on a previous visit to Mr. Crews, I went to secure his help to get Governor Dewey to sign some legislation on hours for firemen. We discussed the troubles the campaign committee was having in securing contributions to the Oregon primary campaign.

The CHAIRMAN. You are talking about the State of Oregon, or some county?

Mr. CRANE. As I recollect the story, Mr. Senator, Governor Dewey had lost Wisconsin primary campaign for Presidency. And the following campaign, which was occurring in Oregon, was to either be the last straw breaking the candidacy completely, or rejuvenating him. He had to win it to stay in the race.

The CHAIRMAN. That is about the time he had the famous debate with Mr. Stassen?

Mr. CRANE. I will say this: I believe so, but I never followed Mr. Dewey's debates.

Mr. HALLEY. Who is Mr. Crews; is that John Crews?

Mr. CRANE. John Crews is a leader of the Republican county committee in Brooklyn.

The CHAIRMAN. Before you leave that, did Mr. Crews tell you it was for Dewey's campaign; was he collecting money for Mr. Dewey?

Mr. CRANE. No; that was strictly voluntary on my part, Mr. Senator.

Mr. HALLEY. What did Mr. Crews tell you?

Mr. CRANE. Well, I initiated the conversation, because at that time in Albany there was so much conversation about Mr. Dewey's possibilities being dead if he lost the Oregon campaign. And I said it to him, I said, "What's the good contribution?"

And he said, "The best we received is \$7,000."

Mr. HALLEY. Is it a fact that you called Mr. Crews in Brooklyn and went over to see him?

Mr. CRANE. Oh, yes.

Mr. HALLEY. And you talked primarily about the Oregon primary campaign; right?

Mr. CRANE. There were two visits. The first visit I talked primarily about getting the help of Mr. Crews to induce, or help us induce, Governor Dewey to sign our legislation, because Mr. Dewey signs about 2 out of every 28 for us.

The CHAIRMAN. What was that?

Mr. CRANE. He signs about 2 out of every 28 bills we pass. The law of averages says he was going to veto our hours bill, too.

The CHAIRMAN. You are talking about the firemen's and policemen's bill?

Mr. CRANE. Firemen's.

Mr. HALLEY. And you were urging that your pay raise or hours bill be signed by the Governor?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Then you saw Mr. Crews shortly after that again?

Mr. CRANE. I would say about a month. I am not sure.

Mr. HALLEY. Did that bill get signed?

Mr. CRANE. Yes; it got signed.

Mr. HALLEY. And became law?

Mr. CRANE. It became law after it was adopted by a referendum of the people of the city of New York.

Mr. GELB. Excuse me. I hope you don't intend to create an inference that the contribution to Crews had anything to do with the signing of a bill.

Mr. HALLEY. I presume there were two separate conversations?

Mr. CRANE. Yes—

Mr. GELB. No; no. I say I hope you don't intend to convey the impression that his contribution to Crews had anything to do with the signing of the bill.

Mr. HALLEY. Mr. Gelb, I am trying to bring out the facts. I was not talking inferences. I am trying to talk facts, and I think argument would be appropriate after the testimony is in.

I think if you sit back and listen—

Mr. GELB. I am listening.

Mr. HALLEY. I am trying to bring out the facts carefully and without any inferences whatever.

Mr. GELB. I am listening. In other words, you can associate two facts, you can use two facts—

The CHAIRMAN. Well, just a moment. We will say that there is no showing that Mr. Dewey asked for or knew about the contribution.

Mr. GELB. Incidentally, I would like to make one more suggestion, that you ask him about all contributions he made to any campaign.

Mr. HALLEY. You aren't suggesting that I didn't intend to go right through, are you?

Mr. GELB. No, no.

Mr. HALLEY. I take exception to that, Mr. Gelb, and, coming at this stage of the testimony, it is a completely uncalled for remark.

Mr. GELB. I didn't intend to say that——

Mr. HALLEY. After this witness testified before the grand jury and he had the temerity to come in here——

Mr. GELB. He had no temerity——

Mr. HALLEY. To come in here and refuse to talk, it ill behooves him.

Mr. GELB. Please, please, Mr. Halley——

The CHAIRMAN. Now, wait a minute. We are getting along all right.

Mr. GELB. We are getting along all right——

The CHAIRMAN. Just a moment. If you know of any contributions that aren't brought out in the questioning, let us know about it. I think Mr. Halley expects to ask him about everything.

Mr. GELB. All right.

Mr. Halley is much more sensitive than I thought he was.

The CHAIRMAN. Well, Mr. Gelb, Mr. Halley has been through a pretty strenuous time here.

Mr. HALLEY. No, no; there is no need to call for any apologies on the part of counsel. Counsel is very sensitive to anything that in any way reflects on this committee, because the committee has done a conscientious job and doesn't want any unsworn statements of counsel to reflect on it in any way.

Mr. GELB. Did I——

Mr. HALLEY. I hope you didn't intend to.

Now, may we proceed with the questioning?

The CHAIRMAN. Proceed.

Mr. HALLEY. There were two separate conversations? We had that straight, didn't we?

Mr. CRANE. There were two separate conversations. The first one involved primarily securing Mr. Crews' help in getting Governor Dewey to sign the legislation. There was no promise of money involved.

Mr. HALLEY. Then, on a subsequent occasion, you called Mr. Crews again?

Mr. CRANE. Yes.

Mr. HALLEY. And went to see Mr. Crews in Brooklyn?

Mr. CRANE. That's right.

The CHAIRMAN. There is a question I want to ask. How long was the interval—well, I think Mr. Halley is going into that.

Mr. HALLEY. It is right in the quotation.

I think the best way to do it is to read your actual testimony to refresh your recollection at this point.

Mr. CRANE. It was about a month, Mr. Halley. I don't need——

Mr. HALLEY. Let me read your testimony.

There was a lot of talk about difficulty of raising funds. So, subsequently, maybe a week, maybe 10 days later, I can't give you dates, I went back to see Johnny Crews, and again we talked generally about the Oregon problem, and I asked him what a good contribution was, and he said the best he had heard of was \$7,000, and, in an envelope, I laid \$3,500 on his desk, and that was all. That is 35.

I am reading from page 470.

Is that right?

Mr. CRANE. Yes.

The CHAIRMAN. The question I wanted to ask was this: I take it from your testimony that the pay bill, or whatever this bill was called, was signed before the contribution was made?

Mr. CRANE. Yes, sir.

The CHAIRMAN. Between the first conversation and the second conversation?

Mr. CRANE. Yes, sir.

The CHAIRMAN. And you came in with \$3,500 thereafter? Is that what you meant to say?

Mr. CRANE. The last visit with John Crews, I had the \$3,500 in my pocket. I actually went over the thank him for his help, and at that time I made the contribution.

Mr. HALLEY. Did you subsequently, in the year 1947, give any additional moneys to Mr. Moran? I think there was another \$10,000?

Mr. CRANE. Yes; there was a \$10,000 contribution in 19— in, I believe, August.

Mr. HALLEY. August of 1947?

Mr. CRANE. That's right.

Mr. HALLEY. Now, was that a contribution or just a gift to Moran?

Mr. CRANE. Well, a gift or a contribution to me; it's the same.

Mr. HALLEY. Well, at that time there were no campaigns in progress, were there?

Mr. CRANE. No. I still admired and liked and was receiving assistance from Mr. Moran, and I wanted to keep him on our side, and I gave him the money.

Senator TOBEY. To put it very boldly—and I am apt to put things that way—here I see a total of \$35,000, as I understand the figures, and this \$35,000 was used as a quid pro quo to buy Mr. Moran's good will and support and aid, wasn't it? Let's get down to brass tacks.

Mr. CRANE. I can only say this, Senator: There's never been any indication prior—there was never any indication prior to that, or any of these contributions, that I had to buy the support of Mr. Moran.

Senator TOBEY. Then why did you give him the money?

Mr. CRANE. Because in my experience—which is limited—when I find a man such as Mr. Moran whose influence is such that a word from him can help or hurt us, I want him on my side.

Senator TOBEY. So you underwrote Jim Moran; is that it?

Mr. CRANE. I am under what?

Senator TOBEY. You underwrote him \$35,000 in the expectation, or the hope—either one you want to use—then he would come across and be kind to the men you serve in the fire department; is that it?

Mr. CRANE. That's right, sir.

Senator TOBEY. So the \$35,000 was the quid pro quo to get this good will and potential help from Moran whenever he could aid you; is that right?

Mr. CRANE. I was getting the help, and I wanted to keep getting it, let's put it that way.

Senator TOBEY. Yes, exactly. The definite connection is that the \$35,000 was to create a good will toward the cause you served, so you could benefit by it; is that right?

Mr. CRANE. So that the firemen could benefit by it.

Senator TOBEY. The firemen, yes; is that right? Is that correct?

Mr. CRANE. Yes, sir.

Senator TOBEY. Thank you.

The CHAIRMAN. I think, in fairness all the way around again, your testimony was Mr. Moran had always been friendly to the firemen; is that correct? Or had he been?

Mr. CRANE. Yes; right from the beginning he was friendly to the firemen.

Mr. HALLEY. Now, you gave this last \$10,000 in 1947 to Moran in his office, too?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Was that also in cash?

Mr. CRANE. Also in cash.

Mr. HALLEY. You felt you were doing what was necessary in order to get a square deal for the firemen, and that was your interest? Am I putting words in your mouth? I don't want to, but that is what I understood.

Mr. CRANE. We were getting a square deal from Mr. Moran and Commissioner Quayle and we wanted to make sure it stayed that way.

Senator TOBEY. In what year was this?

Mr. CRANE. This was in 1947.

Senator TOBEY. In 1947?

Mr. CRANE. Yes.

Senator TOBEY. All in 1 year, this \$35,000?

Mr. CRANE. No, \$30,000 in 1 year.

Senator TOBEY. \$30,000 in 1 year, and the balance in another?

Mr. CRANE. Yes.

Senator TOBEY. Well, Mr. Chairman, I assume we have got Mr. James Moran's income-tax return for any of those years.

The CHAIRMAN. I don't know whether we do or not.

Senator TOBEY. If we haven't, I request we get them.

Mr. HALLEY. Now, Mr. Crane, in the year 1949 did you have any discussions with Mr. Moran about the political campaign?

Mr. CRANE. That involves a story. If you want it in detail—

Mr. HALLEY. Yes. Would you please? Say it in your own way, and take as much time as you have to.

Mr. CRANE. In January of 1949—

Mr. HALLEY. Pardon me. Before we leave the other subject and in order to be completely fair, would you state whether or not you made any payments to Mr. Quayle?

Mr. CRANE. I would like to make a statement on that. Mr. Quayle informed me in January 1946, that in spite of all the talk to the contrary he was not interested in money; anything he did for the firemen, he did it because I could convince him it was good for the city of New York and good for the firemen.

Mr. HALLEY. You never gave him any money, is that right?

Mr. CRANE. No, sir. The only money Mr. Quayle has ever received from me was a thousand dollar check for a fund-raising dinner to the State, I believe, Democratic Committee in 1946, and again in 1949 or 1950, I gave him a \$500 check for the same purpose.

Mr. HALLEY. Mr. Quayle was the commissioner, is that right?

Mr. CRANE. Mr. Quayle was the commissioner, yes, sir.

Mr. HALLEY. And Mr. Moran was the deputy commissioner?

Mr. CRANE. Deputy commissioner, yes.

Mr. HALLEY. Fire commissioner, of course. Now, would you go into the other subject pertaining to the election in 1949?

Mr. CRANE. In January 1949, I had an interview with Mayor O'Dwyer. The results of that interview were this, that we could go to Albany, or we should go to Albany, introduce legislation for a referendum on our salary. At that time Mr. O'Dwyer assured me, in the presence of the PBA, that he would support that legislation.

Now, under the constitution of the city of New York, the home rule provision is that before the State legislature can pass legislation affecting the city, we must have a message from the city council signed by the mayor. As a matter of practicability, Governor Dewey will sign nothing affecting the city without the request from the mayor to do so. Therefore, it would not have paid us to waste time and money in Albany unless we had assurances from the mayor that he would back our legislation.

We introduced the legislation and in February we went back to see the mayor for his approval. We had quite a discussion. It was opposed by Budget Director Patterson and by other advisers to the mayor, and as a result of the conversation and the interview Mr. O'Dwyer decided not to go along in his original commitment.

I went back to the firemen. We had a special meeting on the commitment, and I delivered to Mayor O'Dwyer an ultimatum that he keeps his promise or the firemen would go out and oppose him in the coming election. As a result, at the very mention of firemen's legislation, and I am quoting one of his representatives, "He used to get hysteric." So much so, that he would not even talk to me. In a medal day, accepting medals out of my hands to pin them on the widows, he wouldn't even look at me.

Senator TOBEX. Did he look at the widows?

Mr. CRANE. Oh, yes.

The CHAIRMAN. I must say that in that regard he has a lot in common with members of this committee, and also the counsel.

Mr. CRANE. In June of that year there was a draft O'Dwyer movement in the city. As a result of that movement, he became the Democratic nominee for mayor of the city of New York for reelection.

Obviously, running against Mr. Newbold Morris, he was going to win.

The firemen's organization had to have the good will of the mayor if we were going to protect the interests of the firefighter, if we were going to promote their well-being, in face of the fact that our salaries were lagging considerably behind the cost of living.

So I went to Commissioner Moran, and I asked him to take me over and "let's patch up my differences with Mayor O'Dwyer," so that we could get on the bandwagon, support him, and reinstate the organization in his good graces.

He took me over. We straightened out our differences. He committed himself to go along on our pension legislation then pending, and we got on the bandwagon.

That's what you wanted to know, Mr. Halley, isn't it?

Mr. HALLEY. When was it that you got on the bandwagon?

Mr. CRANE. August 1949.

Mr. HALLEY. Did you subsequently meet Mr. O'Dwyer on the stairs of City Hall?

Mr. CRANE. I met Mr. O'Dwyer in front of City Hall; yes.

Mr. HALLEY. Did you have a conversation with him?

Mr. CRANE. Yes. I told him I wanted to see him. And he said "Drop up to the mansion."

I can't tell you the date, but it was a couple of days later.

Mr. HALLEY. Would that be, I think you placed the date in your testimony there, "the other day," that you were up to visit Mayor O'Dwyer at Gracie Mansion, as being in October?

Mr. CRANE. Some time around October 12.

Mr. HALLEY. 1949?

Mr. CRANE. I believe it was the day after, but I am not sure.

Mr. HALLEY. 1949?

Mr. CRANE. Yes.

Mr. HALLEY. And you went up to the Gracie Mansion?

Mr. CRANE. That's right.

Mr. HALLEY. And you saw Mayor O'Dwyer?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Were you alone with him?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Where did you see him?

Mr. CRANE. On the porch at Gracie Mansion.

Mr. HALLEY. Will you tell the committee what transpired?

Mr. CRANE. I told the mayor at that time that I had promised him the support of the firemen, and I offered him some evidence of that support on the occasion, in the form of \$10,000.

Mr. HALLEY. Was that in cash?

Mr. CRANE. That was in cash.

Mr. HALLEY. Was it loose, or in a package?

Mr. CRANE. I had it in—I could never describe the envelope, I don't know the technical word. But it was this type of envelope you have right here, the brown one.

Mr. HALLEY. Manila envelope.

Did he say anything?

Mr. CRANE. He thanked me. He didn't look in the envelope, or anything else.

Mr. HALLEY. Do you remember the color of the envelope?

Mr. CRANE. I am pointing one out to you right there.

Mr. HALLEY. I asked because I have your grand jury testimony in front of me, and I think you said—oh, no, my pardon. I saw here, where it said "a white envelope." But I see you are dealing with the \$10,000 to Moran, and not to the mayor.

When you gave it to the mayor, it was in a red envelope?

Mr. CRANE. Yes.

Mr. HALLEY. And you are sure of that?

Mr. CRANE. I am sure of that.

Mr. HALLEY. Mr. Chairman, I created a slight confusion because, in fairness, I saw a white envelope mentioned, and I wanted to see if there was any misunderstanding, but now I see that where I noticed a white envelope, I was referring to another \$10,000 that was paid to Moran.

Is that right?

Mr. CRANE. It was a red envelope.

Mr. HALLEY. Was it just about this size—the envelope I am showing you?

Mr. CRANE. The standard envelope, I believe.

Mr. HALLEY. About 8 by 10?

Mr. CRANE. Yes.

Mr. HALLEY. What did the mayor say?

Mr. CRANE. He thanked me; that's about all.

Mr. HALLEY. How long were you there?

Mr. CRANE. Not more than 10 minutes.

The CHAIRMAN. Just a minute. You said an envelope 8 by 10. That one is very much larger.

Senator TOBEY. It's 10 by 12.

Mr. CRANE. It's the standard envelope of that color. I don't say that's the size—the standard envelope.

The CHAIRMAN. You mean a little envelope or——

Mr. CRANE. No; I think it's even a little bigger than that. That is not the standard size.

Mr. HALLEY. Legal size?

Mr. CRANE. Yes; I believe that's the size.

Mr. HALLEY. Did you make any other contributions to anyone else in the campaign of 1949? Did you make any to Mr. Moran?

Mr. CRANE. Oh, yes.

Mr. HALLEY. And what contributions did you make to him?

Mr. CRANE. I made two \$10,000 contributions to him between that time and between election day.

Mr. HALLEY. And were they also in cash?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Where did you give them to Mr. Moran?

Mr. CRANE. I gave one behind the Municipal Building on his way home 1 night or 1 day, and I gave one in his office.

Senator TOBEY. Does that make a total of \$55,000?

Mr. CRANE. That's the total.

Senator TOBEY. \$55,000?

Mr. CRANE. That's the total.

Senator TOBEY. James Moran got from you?

Mr. CRANE. Yes, sir.

Senator TOBEY. And he was assistant deputy of the fire department?

Mr. CRANE. He was first deputy commissioner.

Senator TOBEY. First deputy commissioner.

Mr. HALLEY. Did you give any money to Moran after 1949?

Mr. CRANE. Well, I heard Mr. Moran say I gave him a \$500 check, and I recall it very clearly.

Mr. HALLEY. Well, what happened in 1950? Apparently Mr. Moran went back on you.

Mr. CRANE. Mr. Moran left the fire department in the early part, I believe, of 1950.

Mr. HALLEY. Let me indicate to you what I mean. You said:

In 1950, from after Election Day on, any time we would go to Moran or Quayle just for a simple thing like getting a man detailed to the division of combustibles, a man might have something wrong with him and was no longer fit for fire duty. Quayle would O. K. it. The next thing I would know, Moran had stopped me on it.

Do you remember that?

Mr. CRANE. Yes, sir.

Mr. HALLEY. Would you explain to the committee what you mean?

Mr. CRANE. I was explaining at that time what good will meant to me as president of the U.F.A., and I cited an instance of a man who had injured his arm or hand in a fire and the hand was not strong enough to hold the tiller wheel of a truck. That man had come to me, and he said he had had refrigeration experience, and he would like to get detailed to combustibles so he could do some refrigeration work, to make use of that experience.

I went to Fire Commissioner Quayle. He said he thought it would be all right. He would take it up with Chief Murphy. The detail didn't come through for some time. And the indications to me were that Commissioner Moran had killed the detail. So eventually I went to Commissioner Moran, and he arranged it for me.

Senator TOBEY. Well, don't you think, as a citizen of New York City, that on the evidence you have given us today here—I don't know who the official is in charge, or what the charter is—but there is evidence given us here, a full measure, pressed down and running over, to call for the removal of this man, this big hulk of a figure of *avoiirdupois* of James Moran pronto?

Mr. CRANE. Do you want me to pass judgment on it?

Senator TOBEY. Yes.

Mr. CRANE. I will pass judgment on it, but you won't like it, Senator.

Senator TOBEY. Yes. Go ahead.

The CHAIRMAN. Suppose we stay to the facts of what we are discussing here.

Mr. GELB. I am advising him not to pass judgment on it.

The CHAIRMAN. Let's not pass political judgment.

Mr. GELB. Don't pass judgment.

Mr. CRANE. My opinion would not be what Senator Tobey would expect of me.

The CHAIRMAN. I take it you think Commissioner Moran is a good man to you firemen?

Mr. CRANE. I will say this: What the firemen have to put up with to get adjustments in salary and everything else, that everyone else is getting, is absolutely a disgrace.

Senator TOBEY. That's a crime, I agree with you—it's dead wrong—but the point I make is let's look at the picture. Here are the people of the city of New York, millions of them. They are taxpayers. They are taxed to support the police department and the fire department, to protect them from the criminal element and the ravages of fire, and their officials are paid a good salary and they are on the job, *pro bono publico*; and now it develops that this man, second in charge of the fire department, was paid \$55,000 to get good will. It ought to have been an automatic thing with him; hadn't it? It ought to have been forthcoming without any fee at all; shouldn't it? He ought to want to do these things in justice to the firemen; shouldn't he?

Mr. CRANE. I'm sure Mr. Moran did; but when you have pressure groups in opposition, such as you must know about coming from Washington, it takes a man of tremendous courage to go out and stand up to them. And when such a man exists, I am for him.

Senator TOBEY. My point is who makes Jim Moran try to work against the interests of the firemen? Who would do it?

Mr. HALLEY. May I help?

Senator TOBEY. Yes. Go ahead.

Mr. HALLEY. Sometimes, Mr. Crane, people talking under the glare of the public eye answer questions differently from the way they talk in private; and I would like to just read you a question and an answer you made before the grand jury in the privacy of the grand jury room, bearing in mind that these minutes have been made available to this committee by proper court order.

The question was:

Then were you afraid, if you didn't give him this money, you would not get that which you were entitled to?

A. That's right.

Q. You were afraid that your men would be hurt?

A. That's right.

Q. Is that correct?

A. Yes.

Do you wish to change that testimony?

Mr. CRANE. No.

Mr. HALLEY. Thank you.

Mr. CRANE. The perspective is different, however.

Mr. GELB. Senator Tobey, may I say the trouble is that there aren't enough Republicans in New York.

The CHAIRMAN. Well, now, let us not get into a Republican-Democratic argument now.

Mr. GELB. I meant it as jest.

The CHAIRMAN. Yes, I know. I think that if Mr. Crane wants to make any further statement about why he feels it is necessary to pay large sums of money to the campaigns, and so forth, in connection with Mr. Moran, he may do so.

You were about to say something about other pressure groups having kept your men from getting what they were entitled to.

You may amplify that in any way you wish.

Mr. CRANE. I will only say this, Mr. Senator: That in 1939, a fireman had a \$3,000 pay. As of March 1, 1951, we have \$4,400, which is over 40 percent behind the increase in the cost of living, and any method that may be available in the face of the fact that we have voluntarily sacrificed our right of strike will be used, because the city of New York feels it has no moral obligations to repay us for the consideration and the services we give, to this extent: that only a month ago a representative of this city said to me, "Why should we pay you when we can get you to work for nothing?"

That is the city of New York, and anything that may allegedly be immoral about any activity that I have been part of only reflects the lack of moral character existing in our government here.

The CHAIRMAN. Well, now, may I interrupt, Mr. Crane? I think that that is true—and I am not condoning what you have done. You have done things rather badly, I think. But I think we have found in general, over the country, that one of the reasons why we do not have better law enforcement—and that would go for policemen and firemen, as well as the people in the investigative agencies of the local, State, and Federal Governments—is that, frankly, their pay is very frequently out of line with what comparable people are getting, and also out of line with the cost of living.

I had a feeling all along that if our law-enforcement officers were better paid, so that they had more to look forward to, there would be less corruption, and I imagine there would be less of the troubles such as we have here now, like these contributions.

I do not mean that to be condoning what you have done, but that is my general observation.

Now, will you go on, please, Mr. Halley, with any further questions?

MR. HALLEY. I have no further questions, but I would like to state that if there are any other payments which Mr. Moran made that he feels are relevant to the subject matter at hand—or Mr. Crane, rather—that he is perfectly free to talk about them, in view of what Mr. Gelb said. I want to make that doubly clear. From what I have seen of the grand jury testimony, I have asked the questions which are relevant to this committee's investigation.

THE CHAIRMAN. Do you have anything else? Let's open up the whole box and get it all now.

MR. CRANE. Just to complete the record, Mr. Senator, we spent—and this is for the information of everybody who has been talking about \$135,000—we spent \$40,000 to campaign for our proposition No. 1, the hours legislation in 1948, which is allegedly missing but which was spent paying for gasoline bills, radio time, services of firemen to go out and do a job to get the legislation passed, which was passed by 1,300,000 to 94,000.

In 1949 there was a \$20,000 item in question, which was spent on passing the Mitchell bill, which was veterans' preference legislation by referendum, and other miscellaneous expenses of the organization to help the firemen.

I also paid or contributed to the New York State Democratic Committee \$2,500 about the time Mr. Truman came to the city of New York in his campaign.

THE CHAIRMAN. Any others you want to tell about?

MR. CRANE. No, sir.

THE CHAIRMAN. May I ask, did you receive any letters or anything from Mr. Moran, or Governor Dewey, or Mr. Crews, or Mr. O'Dwyer, acknowledging receipt of or thanking you for it?

MR. CRANE. No, sir.

THE CHAIRMAN. None whatsoever?

MR. CRANE. No, sir.

THE CHAIRMAN. The bank records show the times when these amounts were——

MR. CRANE. The bank records would not necessarily reflect the time of the gift or contribution.

THE CHAIRMAN. Do you have any questions, Senator Tobey?

SENATOR TOBEY. I am going to be discreet and not ask any questions. I couldn't contain myself after what we have heard here today, in this city of New York.

We are pulling down the curtain on an investigation of many weeks. The record is replete with things that jar you all through and make America wonder what is going on in this fair country of ours. Here is this mass demonstration of corruption in Government, of money paid to acquire political influence and all, from officials who had sworn to uphold law and to serve the public—and there can be no greater cause than that—and yet these immense sums, immense to most people, were sent and used, and I tell you it is something to think about in America, and it is about time we woke up, and instead of closing all this investigation of this Crime Committee on the evidence

given here today, they ought to be renewed and carried on all the way down through.

The CHAIRMAN. Ladies and gentlemen, I will have to ask you not to make any expressions of approval or disapproval, no matter how much we all approve or disapprove of the splendid statements of Senator Tobey. That is a rule of the committee.

If there are no other questions, thank you, Mr. Gelb; thank you, Mr. Crane.

We will have a 15-minute recess.

(A short recess was taken.)

The CHAIRMAN. The committee will come to order.

It goes, I take it, without saying that if anybody's name has been brought out in the hearings here, we want to give him an opportunity of being heard or sending a telegram or a letter to the committee.

We will have sessions in Washington beginning at 10 o'clock in the morning tomorrow, and we will also have a session on Saturday. We will not meet on Good Friday.

We will meet also the early part of next week.

I have a letter here from Mayor Impellitteri, which I will read into the record at this point. It is addressed to the chairman. [Reading:]

I have been informed that Edward Corsi, recent unsuccessful candidate for mayor of New York, appeared yesterday before your committee and repeated certain unfounded charges concerning me, which he had previously made in campaign speeches.

The assertion that one Thomas Luchese had anything to do with my nomination for the office of president of the city council in 1945 is absolutely false. I had never heard of Luchese at that time and I don't think he had ever heard of me.

I understand Mr. Corsi gave Mr. Bert Stand as the source of his information.

I am reliably informed that counsel for your committee had questioned both Mr. Stand and Mr. Edward Loughlin, former leader of Tammany Hall, in 1945, regarding Mr. Corsi's statements, and they have branded them as false.

Mr. Halley, did we question Mr. Loughlin? I have forgotten. Did we question him in executive session?

Mr. HALLEY. Yes—not in executive session, but there was a staff inquiry made by the staff in the committee offices.

The CHAIRMAN. Well, can we make that a part of the record?

Mr. HALLEY. I see no reason why not.

Do you?

Mr. SHIVITZ. No.

Mr. HALLEY. That may be made a part of the record.

The CHAIRMAN. I didn't think Mr. Loughlin appeared before the committee.

What he said to the staff, then, that is pertinent to this matter, will be made a part of the record.

(The testimony of Edward V. Loughlin, taken on March 8, 1951, is as follows:)

EXAMINATION OF EDWARD V. LOUGHLIN, MARCH 8, 1951

(Room 2803, United States Courthouse, Foley Square, New York, N. Y.)

Present: Mr. David Shivitz, Mr. James Walsh.

By Mr. SHIVITZ:

Q. State your name and address?—A. Edward V. Loughlin, 295 Madison Avenue, New York.

Q. Where do you live?—A. 242 East Seventy-second Street, New York.

Q. Mr. Loughlin, on January 29, 1944, you became the chairman of the Democratic County Committee?—A. About that I am not sure; I had an idea it was February.

Q. And you remained in that position until March 5, 1947?—A. Around that time.

Q. At the time you assumed the chairmanship, you were leader of what district?—A. It is now the eighth assembly district, the old fourteenth.

Q. You are no longer leader?—A. I gave that up, I think, in the latter part of 1944 or the early part of 1945.

Q. For the part of the time you were county chairman, you were not district leader?

A. That's right.

Q. You succeeded the late Congressman Kennedy, did you not?

A. Right.

Q. And at the time did he state that he wanted to give up the leadership or was there a contest on?

A. No; I think he resigned, if I am not mistaken. There was difficulty after this Aurelio thing and it became obvious that he could not very well stay on any longer and eventually resigned and I succeeded him.

Q. When you got the leadership, was there a contest among the leaders for the county chairmanship?

A. I imagine so.

Q. Did it come to a vote or was it all set?

A. It came to a vote.

Q. Who ran against you?

A. I think it was Jim Fay, and who else I don't know; it was just Fay and myself.

Q. During the period of your incumbency as county chairman, a good deal of the strategy of the running of the Hall was conducted by you with the aid of Clarence Neal and Bert Stand; is that correct?

A. Mostly myself.

Q. Did you work with them?

A. Stand was the secretary, Neal was in there holding some office, but I would say anything of any importance was decided solely by myself.

Q. They spent practically as much time as you did, didn't they?

A. Sure, Stand was there for many years.

Q. In 1945 there was a meeting at the National Democratic Club of the five county chairmen to pick a candidate for mayor?

A. Right.

Q. And you went to that meeting? Bert Stand, if our information is correct, walked you over to the National Democratic Club and left you there and you went to the meeting with the other four county chairmen?

A. I don't know if he was with me. I think we had a couple of meetings there. I could not say, but the five county leaders were there; no one else was allowed in the room. It may be or may not be.

Q. In the course of that meeting a ticket was determined upon which included the man who was later elected mayor, William O'Dwyer, as well as Larry Gerosa for comptroller, and Irwin Davidson, presently of the court of general sessions.

A. Yes.

Q. Was O'Dwyer present at that meeting at any time?

A. I don't know whether he was present at the first; I think it was the second when the ticket was made up of O'Dwyer, Impellitteri, and Larry Joseph. I think he was present then.

Q. That was the next meeting which took place a day or two later?

A. A short time later. That is the only meeting O'Dwyer was at.

Q. On that occasion, was there in your presence a heated exchange between Flynn and O'Dwyer?

A. Well, they were not friendly because O'Dwyer did not want to run with Gerosa and did not want to run with Davidson, who was candidate for Manhattan. But Davidson allowed me to withdraw his name and, as I recall, Flynn was reluctant to withdraw his candidate and there were some words exchanged between Flynn and him, the two of them.

Q. Can you recall what was said?

A. The best I recall is that at the time O'Dwyer was there, he said, "I am withdrawing my name," and went to go and someone told him to stay in the room.

Q. Did he say he did not want to run with those men?

A. He said he did not want to run with Gerosa and Davidson.

Q. Did Flynn make a report?

A. He said something; I don't remember the exact words. I stated the declination of my candidate and I think there is no reason why the Bronx should not follow likewise. I don't know exactly because Rowe was in a lot, too.

Q. Can you recall Flynn making some remarks about the company that O'Dwyer kept?

A. No; I don't recall that. I don't think Flynn withdrew Gerosa. I think he was voted out.

Q. During your incumbency as leader, do you remember sending in the name of a man to be secretary to the department of marine and aviation, a man by the name of Hoffman?

A. No; I don't recall; I never met him.

Q. Do you recall when Sig Solomon died, the superintendent of assays?

A. Yes; that is a Federal job.

Q. When that vacancy came along, do you remember there was a dentist proposed for that, Dr. Singer?

A. I don't think I was there then.

Q. Solomon's vacancy was not filled in your term?

A. I don't think he died in my time. Some fellow from George Thompson's district got it—James Andrews.

Q. Do you know a fellow by the name of Thomas Luchese?

A. No.

Q. They call him Tommy Brown?

A. No; I don't know him.

Q. After you got out—I think it was in the year 1949, the Truman inauguration—did you go down with the delegation to Washington, the New York delegation?

A. No; I was not a delegate.

Q. You know Frank Costello, do you not?

A. Casually, yes.

Q. Can you recall the circumstances under which you first met him?

A. No.

Q. Can you tell us whether or not you have ever been to his home?

A. I don't know where he lives.

Q. And he has never been to yours?

A. No, sir.

Q. Have you ever taken dinner with him on any occasion?

A. No.

Q. And has he ever made any request of you of any kind?

A. No; not to my knowledge.

Q. In March of 1947, there seemed to be some atmosphere of discontent as between the then Mayor O'Dwyer and the management of the county committee; is that a fair statement?

A. I guess so.

Q. Did you and he ever exchange any words on the subject?

A. All I did was do good for him. It was my vote that made him mayor. I never said anything against him; never had any words with him.

Q. Before the meeting that was called, my recollection is that a petition for a meeting—there was a meeting called?

A. There was a meeting called. Later I said I decided to devote all my time to the practice of law and therewith tendered my resignation.

Q. Prior to that did you get any information that there was an effort under way to replace you?

A. Yes, sure, word was around that the mayor evidently wanted somebody else.

Q. Did you feel that there was any other influence than the mayor's that was responsible for it?

A. I don't know, you hear so many rumors without any foundation.

Q. But that was pretty definite about O'Dwyer?

A. I think he was; yes.

Q. Where did Mancuso stand, do you recall?

A. It was hard to tell where anyone stood.

By Mr. WALSH:

Q. When you resign, the resignation is a formality, isn't it? In other words, the opposition has enough votes to unseat you when you resign?

A. Not necessarily. I could have been successful probably numerically, but what good is it if you don't have the cooperation and support of the present administration?

Q. You are referring to the administration at city hall?

A. Yes.

Q. And you felt you were not getting the right backing there?

A. That is right.

Q. In your case your resignation was prompted by what you considered the best interests of the organization?

A. I think it was best for the organization to take that step.

Q. When you succeeded Mike Kennedy, and at the time he resigned, did you have enough votes on your petition to force him out whether he resigned or not?

A. I really don't know; you can't tell.

Q. Sometimes a man actually wants to give up the leadership without anybody pushing him. A man may for reasons of health or age. Was that so with Mike Kennedy? Did he get tired of it or was there a movement to unseat him?

A. I think the majority were against Mike Kennedy.

Q. Going back to 1945, what was the position of the county chairman of Kings County with respect to O'Dwyer?

A. He originally was against O'Dwyer.

Q. And you, as chairman of the New York County committee, sponsored O'Dwyer?

A. Well, I supported him. I don't know whether I put him in nomination or Jim Rowe. Rowe was for O'Dwyer. Originally he just had Staten Island, Queens and Manhattan and Bronx and Brooklyn were together against him.

Q. Isn't it a sort of rule among district leaders and county leaders that before a man goes up higher in the party he gets the endorsement of his own local man? Did you ever read that?

A. Naturally I spoke to Kelley before we went into this first meeting and I think at that time O'Dwyer was out West and he told me he had an understanding that he would not do anything until O'Dwyer came back and if O'Dwyer was as strong when he came back he would go along with him.

By Mr. SHIVITZ:

Q. At that time you named the county candidate for borough president, Hugo Rogers?

A. That's right.

Q. Whose district was he from?

A. Pendelton's.

Q. Can you tell us with whom you discussed this?

Did you talk with or take that up with the other leaders?

A. There was no opposition. It was around the wartime; he was in uniform, had a nice background, was a lawyer, made a nice appearance.

By Mr. WALSH:

Q. He had never had any political office prior to that?

A. Not to my knowledge.

Q. Had you known him personally?

A. I knew him as a practitioner but not socially.

Q. Who sponsored Irwin Davidson?

A. I did, I knew him, he was in the assembly with me.

Q. Was that done after consultation with the district leaders or just you as country chairman?

A. The group must have suggested the name and you take it up with the leaders, and he was very popular with the leaders of Manhattan. He served in the assembly.

Q. When the time came that he had to be withdrawn, how did Impellitteri's name get into it?

A. Through me, I selected him.

Q. Was that at the suggestion of anybody?

A. Nobody.

Q. You took that on your own?

A. It was the morning of the day we had the last meeting. We got a call from Flynn. He said, "The picture is changed." They originally had a man of the Jewish faith. He just called me and said, "The picture is changed. You had better get an Italian for president of the council."

Q. You did not discuss it with anybody at all?

A. Nobody; did not have time.

Q. You called Vincent and asked if he was available?

A. I didn't know who to get. I went through the list of Congressmen and State senators and finally I went through the list of the supreme court and he was then, I think, Secretary to Judge Gavagan and I knew him when he was on the district attorney's staff with me, was very bright and able and highly respected by everybody. I called him and said I think—I was thinking of nominating him for president of the council and I said I would call him back.

Q. He said he was available?

A. Sure—that is exactly how it happened.

Q. Before you got out, in March 1947, how long had you had a discord with the mayor? To refresh your recollection, you supported him in 1945; he took office January 1, 1946, and actually you were leader of the Hall for 14 months of his term.

A. I don't know exactly when. It is hard to say because it was all one-sided. I tried to be friendly and cooperative.

Q. Did he indicate what was griping him?

A. I didn't know.

By Mr. SHIVITZ:

Q. Before the designation of O'Dwyer and his ultimate election, did you know Jim Moran?

A. I don't think so. I knew him just to say hello, like any public figure.

Q. Did you ever meet a man by the name of Irving Sherman?

A. No. If I did, I don't recall him.

Q. Can you tell us from the experience that you had, approximately 3 years of leadership, whether Mr. Costello had any political influence in the party organization?

A. Not with me, none whatsoever.

Q. Are you in a position to tell the committee, based on your understanding of the operation what you observed in the 3 years, you, as a trained lawyer?

A. I could not say anything concrete or anything with foundation.

Q. And if you were called on by the committee to express an opinion?

A. Based on my experience, as far as I know, I would have to say no. You hear a lot of talk in newspapers but that is about all. I never got any political requests from him either directly or indirectly.

Q. That would not prevent a man from having substantial influence?

A. I would not know that.

Q. As a matter of fact, the best way for him not to get what he wanted was to tell a leader to go and tell Loughlin, "I want this," and then you would be sure to turn him down?

A. Of course, with the man's general reputation.

Q. But if he wanted to operate, then he would have to do it subrosa?

A. I don't know if he has any influence locally; they are little entities by themselves.

Q. I realize in many cases each is an autonomous group, but, on the other hand, you do know, because the year before the election of your choice as leader, you know the story that broke on the Aurelio designation. You were aware of that as a leader of the district? At the time you were probably aware and interested in that, were you not?

A. I had a candidate of my own that particular year. My candidate was Tom Corcoran; I had a candidate in opposition to Aurelio.

Q. There are several groups of leaders in the Hall, are there not?

A. No; I don't know.

Q. In your time were there factions?

A. I guess there were.

Q. Did the West Side or the Irish leaders stick together?

A. There would be all nationalities.

The CHAIRMAN. I am now reading further:

I am unable to understand why Mr. Corsi was permitted to use the extensive facilities of your committee to broadcast his irresponsible and untruthful statements in the light of your counsel's knowledge that they were hearsay, wholly unsupported and directly refuted by the two men who would have knowledge of them if they were true.

I served for many years as an assistant district attorney on the same staff as Mr. Loughlin. Thereafter, we both served as secretaries to supreme court justices. I have known him all of my adult life. In 1945 on his recommendation, I received the Democratic nomination for president of the city council.

Mr. Luchese was not known to Mr. Loughlin or to me and had no part, directly or indirectly, in that nomination.

Since the committee already has the evidence of Messrs. Loughlin and Stand establishing the falsity of Mr. Corsi's hearsay charges, I think you will agree that no purpose will be served by my interrupting my present continuing study of the city budget with the budget director and his staff to make a personal appearance before your committee merely to give cumulative testimony in denial of charges already amply disproved by independent witnesses.

It would be unfortunate if the fine, constructive job being done by your committee should be marred by any adverse public reaction flowing from Mr. Corsi's unfair reflection upon me.

May I ask, therefore, that the testimony of Mr. Corsi be stricken from the record and that Mr. Loughlin be called to testify or that the testimony already taken from him be read into the record.

That will be read into the record, and the other matter stated this morning will be given consideration in the light of what evidence the committee has.

Here is a telegram from Gov. Thomas E. Dewey, which has just been handed to me.

I have received through the press an indirect reply to my offer of last Monday to meet with the members of your committee here in Albany. I am surprised that you not only declined to extend to me the courtesy of a reply, but instead used my wire to you as an excuse this morning for discourteous personal remarks.

When I received your invitation I assumed that you wished my opinion concerning organized crime since I spent many years of my life successfully putting top gangsters, racketeers, and corrupt politicians in jail.

I now understand that you indicate no interest in my opinion but that you wish to know about gambling conducted in the city of Saratoga in the racing season.

I have no information concerning Saratoga prior to 1943, when I took office. As to the conditions in Saratoga after the reopening of racing following the war, I have directed my counsel to make a careful study of the testimony before your committee and to report to me. Immediately following the testimony of the State police officers last Friday, my counsel requested your counsel to send him a copy of the testimony and it still has not yet been received.

If it has not been sent, will you see that it shall be sent?

Mr. HALLEY. It was sent, and there was also sent to the Governor's counsel a complete copy of the telegram of the State police officers before the committee at the executive session.

The CHAIRMAN. How long ago has that been, Mr. Halley?

Mr. HALLEY. That was several weeks ago.

The CHAIRMAN. Reading further from the telegram:

As soon as that testimony is received, it will be carefully studied and a full public report will be made upon it to me. I will be only too happy to transmit that report to your committee, together with my own comments as to past and future action.

THOMAS E. DEWEY.

This telegram, and also Mr. Impellitteri's letter, will be made a part of the record.

We had Albert Anastasia here for several days to testify; and when he was here, it was apparent that he was fairly sick. But our information is—which has been substantiated—that he is ill in a hospital and he could not come to testify today. His testimony, which was taken in executive session, will be made public at this time for public use. Also, if it is possible for him to get out of the hospital in time to testify before our committee goes out of existence, we will call him to Washington.

(The testimony of Albert Anastasia, above referred to, is as follows:)

Mr. HALLEY. We will call Mr. Anastasia.

The CHAIRMAN. Come around here to that chair, Mr. Anastasia. Now, will you raise your right hand and be sworn, please.

Do you solemnly swear the testimony you give this committee will be the whole truth and nothing but the truth, so help you God?

Mr. ANASTASIA. Yes.

The CHAIRMAN. All right, gentlemen, let's get down to the matter here. Who is going to question Mr. Anastasia?

Mr. HALLEY. I am.

The CHAIRMAN. Proceed.

TESTIMONY OF UMBERTO (ALBERT) ANASTASIA

Mr. HALLEY. What is your full name?

Mr. ANASTASIA. Umberto Anastasia.

Mr. HALLEY. How old are you?

Mr. ANASTASIA. 47.

Mr. HALLEY. Where were you born?

Mr. ANASTASIA. Italy.

Mr. HALLEY. When did you first come to this country?

Mr. ANASTASIA. 1917.

Mr. HALLEY. 1917?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Are you a citizen?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. When did you become a citizen?

Mr. ANASTASIA. 1943.

Mr. HALLEY. Where did you live when you first came to this country?

Mr. ANASTASIA. Brooklyn.

Mr. HALLEY. How long have you lived in Brooklyn?

Mr. ANASTASIA. I would say about 29 years.

Mr. HALLEY. Where do you live now?

Mr. ANASTASIA. Jersey.

Mr. HALLEY. Where—at what address?

Mr. ANASTASIA. Palisade.

Mr. HALLEY. Do you have any particular address?

Mr. ANASTASIA. Yes; 75 Bluff Road.

Mr. HALLEY. Bluff Road?

Mr. ANASTASIA. Yes.

Mr. HALLEY. When did you move to Jersey?

Mr. ANASTASIA. 1947.

Mr. HALLEY. 1947?

Mr. ANASTASIA. 1947.

Mr. HALLEY. What is your business?

Mr. ANASTASIA. At the present time I am a dress manufacturer.

Mr. HALLEY. A dress manufacturer?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. What is the name of your company?

Mr. ANASTASIA. Madison Dress.

Mr. HALLEY. Madison Dress?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Where is that located?

Mr. ANASTASIA. Hazelton, Pa.

Mr. HALLEY. Do you have any partners there?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Who are they?

Mr. ANASTASIA. A gentleman by the name of Harry Strauss.

The CHAIRMAN. How do you spell that?

Mr. ANASTASIA. That is S-t-r-a-u-s-s.

Mr. HALLEY. Do you have any other partners?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you contract to make dresses for other people, or do you sell dresses yourself to the trade?

Mr. ANASTASIA. We make them for different jobbers.

Mr. HALLEY. You job, in order words?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long have you been in that business?

Mr. ANASTASIA. Since 1948.

Mr. HALLEY. How much money did you invest in the business?

Mr. ANASTASIA. I decline to answer that question.

The CHAIRMAN. Well, now, just a minute. That is a legal business; isn't it?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. I mean, there is nothing wrong with the business; is there?

Mr. ANASTASIA. Well, I decline to answer that on the ground that it may tend to incriminate me.

The CHAIRMAN. You mean how much money you invested in it? Is that what you are talking about?

Mr. ANASTASIA. That is right.

The CHAIRMAN. Do you want to make any explanation as to why you think it would incriminate you—how it could? We don't want to take advantage of you, if you do have a sound ground. But here you are in the dress business, and you put some money in it.

Mr. ANASTASIA. Well, sir, the Government is investigating my income at the present time, and that is the reason.

The CHAIRMAN. When did you go into business?

Mr. ANASTASIA. 1948.

Mr. HALLEY. Have you any other business?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What did you do prior to 1948?

Mr. ANASTASIA. I decline to answer on the ground that it might tend to incriminate me.

Mr. HALLEY. When did you last have a legal business?

Mr. ANASTASIA. I decline to answer on the same ground.

The CHAIRMAN. Well, Mr. Anastasia, you decline to answer when you last had a legal business prior to the Madison Dress Co.?

Mr. ANASTASIA. I decline to answer on the same ground.

The CHAIRMAN. The Chair will direct you to answer that question. Do you refuse to follow the direction of the chairman?

Mr. ANASTASIA. I decline to answer on the same ground.

Mr. HALLEY. When you first came to this country, how old were you?

Mr. ANASTASIA. Fourteen.

Mr. HALLEY. Did you go to school here?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What did you do, go to work?

Mr. ANASTASIA. I went to work.

Mr. HALLEY. What was your first job?

Mr. ANASTASIA. Longshoreman.

Mr. HALLEY. How long did you work as a longshoreman?

Mr. ANASTASIA. Oh, I worked as a longshoreman until about 1919, I believe.

Mr. HALLEY. Then what did you do?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Have you ever belonged to the longshoreman's union?

Mr. ANASTASIA. To a union?

Mr. HALLEY. Yes.

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Have you ever been an officer of a union?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What union did you belong to?

Mr. ANASTASIA. The ILA.

Mr. HALLEY. What local?

Mr. ANASTASIA. I don't remember.

The CHAIRMAN. I did not understand the name of the union.

Mr. HALLEY. He belonged to the ILA. Let's see; in 1919 you stopped working as a longshoreman; is that right?

Mr. ANASTASIA. I believe I worked about 2 years.

Mr. HALLEY. What is the next occupation which you had, you do remember?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Well, sometime between 1919 and 1948, you must have had some occupation. Can you tell the committee of any occupation you had between 1919 and 1948?

Mr. ANASTASIA. Well, I volunteered in the Army in 1942, and I was discharged at the end of 1944. I believe I worked for my brother for 4 or 5 months. I cannot tell the exact time. My brother was a stevedore at that time.

Mr. HALLEY. You worked as a longshoreman for him?

Mr. ANASTASIA. No, as a superintendent, after I was discharged from the Army.

Mr. HALLEY. You went right into his business?

Mr. ANASTASIA. I did not go into his business. I was a stevedore superintendent, and hired people to work.

Mr. HALLEY. Now, when you volunteered in the Army, did you go into any particular branch?

Mr. ANASTASIA. You mean—I don't understand you.

Mr. HALLEY. What part of the Army were you in?

Mr. ANASTASIA. I was in Camp Forest, Tenn., in the Eighty-eighth Division, Infantry.

Mr. HALLEY. Did you go overseas?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did your division go overseas?

Mr. ANASTASIA. I was relieved from my division.

Mr. HALLEY. When it went overseas?

Mr. ANASTASIA. Yes.

Mr. HALLEY. How did that come about?

Mr. ANASTASIA. A circular from the War Department came out that they wanted expert longshoremen, and when I went into the

service I had put down that, that I knew how to load a ship, how much the capacity of a boom was, how much can a boom lift, and that is the reason I was relieved from the infantry, and sent to transportation.

Mr. HALLEY. When your unit went overseas, then, you went into transportation, is that right?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Where were you assigned?

Mr. ANASTASIA. Indiantown Gap, Pa.

Mr. HALLEY. Indiantown Gap?

Mr. ANASTASIA. That is right.

Mr. HALLEY. Was there a port there?

Mr. ANASTASIA. It was a port of embarkation.

Mr. HALLEY. Where is that?

Mr. ANASTASIA. It is about 170 miles from New York, past Arlington, about 40 miles from Arlington, Pa.

Mr. HALLEY. You say that was a port of embarkation there?

Mr. ANASTASIA. It was a port of embarkation; they called it that. There is no port there. There is no sea there.

Mr. HALLEY. What did they need longshoremen there for?

Mr. ANASTASIA. Well, they have a ship on land there, and they train all the Negro troops.

Mr. HALLEY. And you were training troops?

Mr. ANASTASIA. I was sent there.

Mr. HALLEY. What?

Mr. ANASTASIA. I was sent there from Camp Forest, Tenn.

Mr. HALLEY. To train troops?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long were you there?

Mr. ANASTASIA. I was there from 1942 to the end of 1944. I don't remember if it was November or December.

Mr. HALLEY. And then where did you go? Were you released?

Mr. ANASTASIA. I was discharged. I had an honorable discharge.

Mr. HALLEY. Between 1919 and 1942, can you tell the committee of any occupation you had?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Do you mean to sit there and say that you don't remember any occupation you had between 1919 and 1942?

Mr. ANASTASIA. I don't remember.

Mr. HALLEY. Did you have any legitimate business or occupation between 1919 and 1942?

Mr. ANASTASIA. I refuse to answer on the ground it might tend to incriminate me.

Senator TOBEY. Oh, now, just a moment. He is asking you about legal business.

Mr. ANASTASIA. Well, sir, I don't remember any job that I had.

The CHAIRMAN. What was that?

Mr. ANASTASIA. I don't recall any job in legitimate business that I had.

Mr. HALLEY. The fact is that you did not have any; isn't that the fact? Isn't it the fact that you just didn't have a job?

Mr. ANASTASIA. In those years, I don't remember. I was around the race track occasionally. I don't recall if I had any legitimate business or not.

Mr. HALLEY. Well, is it not a fact that you not only don't recall, but you did not have any?

Mr. ANASTASIA. I don't recall.

Mr. HALLEY. Well, now——

Senator TOBEY. How did you live in those years?

Mr. ANASTASIA. Well, I went down to the race track, and I would make a little bet and get a winner now and then, and get a loser. That is the way I used to do.

The CHAIRMAN. All right. Proceed.

Mr. HALLEY. Did you hold a position of sergeant in the Army?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. Were you a sergeant in the Army?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Did you know a Colonel Katay?

Mr. ANASTASIA. He was my colonel.

Mr. HALLEY. He was your colonel?

Mr. ANASTASIA. Yes.

Mr. HALLEY. How well did you you know him?

Mr. ANASTASIA. I knew him in my line of duty, as you would know a colonel, if you was in the Army yourself.

Mr. HALLEY. Have you seen him since you got out of the Army?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. When did you build your house in the Palisades?

Mr. ANASTASIA. In 1946.

Mr. HALLEY. Did you build it yourself?

Mr. ANASTASIA. I refuse to answer on the ground it may tend to incriminate me.

Mr. HALLEY. I will ask the chairman to direct the witness to answer the question.

Mr. CHAIRMAN. Mr. Anastasia, I will have to direct you to answer that question.

Mr. ANASTASIA. I decline to answer it on the same grounds, sir.

Mr. HALLEY. Do you know Lucky Luciano?

Mr. ANASTASIA. I don't remember if I ever met him. I know of him from reading the papers.

Mr. HALLEY. You did not ever meet him?

Mr. ANASTASIA. No; I don't recall that I ever met him.

Mr. HALLEY. Did you by any chance go to the boat to see him off when he was deported?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Of that you are sure?

Mr. ANASTASIA. That is right.

Mr. HALLEY. Do you know Joe Adonis?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How far is your home from the home of Joe Adonis?

Mr. ANASTASIA. It is in the same neighborhood, about three blocks, three and a half blocks.

Mr. HALLEY. Do you ever see Joe Adonis?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How often?

Mr. ANASTASIA. Oh, maybe once every 2 days or 3 days, once a week, occasionally.

Mr. HALLEY. When did you last see him?

Mr. ANASTASIA. I saw him yesterday, I would say. I believe I saw him Monday.

Mr. HALLEY. Do you know Frank Costello?

Mr. ANASTASIA. I know of him. I have seen his picture this morning in the paper.

Mr. HALLEY. But you never met Frank Costello?

Mr. ANASTASIA. I met him down at the race track years back.

Mr. HALLEY. You never met him in the last 5 years?

Mr. ANASTASIA. I cannot say, sir.

Mr. HALLEY. Well, what do you mean when you say you cannot say?

Mr. ANASTASIA. I might have seen him. I might have seen him some place.

Mr. HALLEY. In the last 5 years?

Mr. ANASTASIA. I might have.

Mr. HALLEY. Have you seen him within the last year?

Mr. ANASTASIA. I can't recall if I seen him in the last year or last 5 years.

Mr. HALLEY. Did you see him within the last month?

Mr. ANASTASIA. I cannot say.

Mr. HALLEY. The answer is, "No"? What is the answer?

Mr. ANASTASIA. I don't recall if I saw him in the last month, or the last 5 years.

Mr. HALLEY. Your best recollection is that you did not?

Mr. ANASTASIA. I don't recall ever seeing him.

Mr. HALLEY. What did you talk to Joe Adonis about the last time you saw him?

Mr. ANASTASIA. No conversation whatsoever, just the greetings of the day, "How is your children," "How is my children."

Mr. HALLEY. Did you tell him you were subpoenaed to come before this committee?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You did not talk about that at all?

Mr. ANASTASIA. Not at all.

Mr. HALLEY. Have you ever had any business dealings with Joe Adonis?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. When you were working on the water front in Brooklyn, did you know Joe Adonis?

Mr. ANASTASIA. In 1917, I didn't know Joe, not in 1917.

Mr. HALLEY. Well, since that you said from time to time you helped your brother out.

Mr. ANASTASIA. Well, I must have saw him in Brooklyn a few times. I believe I know him 15 or 20 years, around 15 or 20 years.

Mr. HALLEY. Were you ever in his restaurant at Fourth Avenue and Carroll Street?

Mr. ANASTASIA. Well, I don't remember. I guess I was there a couple of times, eating.

Mr. HALLEY. What was your brother Tony doing?

Mr. ANASTASIA. My brother at the present time is a superintendent; he is a hire foreman.

Mr. HALLEY. Who does he work for?

Mr. ANASTASIA. Jarka Stevedoring Co.

Mr. HALLEY. How long has he been there?

Mr. ANASTASIA. My brother Tony has work for Jarka quite a number of years. I don't remember how long he worked the last time. I believe he was working for Jarka before.

Mr. HALLEY. By the way, did you ever tell anybody that Bill O'Dwyer told you to keep out of New York City when you were in the Army? Did you ever tell that to anybody?

Mr. ANASTASIA. Bill O'Dwyer?

Mr. HALLEY. Yes.

Mr. ANASTASIA. Told me to what?

Mr. HALLEY. Keep out of New York City.

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did Bill O'Dwyer tell you that?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. And you never told that to anybody in the Army?

Mr. ANASTASIA. Absolutely not.

Mr. HALLEY. Did you ever tell anybody that you joined the Army because it would help you kill the trouble you were in?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You never told that to anybody?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Why did you move to Jersey in 1947?

Mr. ANASTASIA. My wife, she had the house for sale since 1944, so finally she felt like, "Let's bring up our children away from Brooklyn," and we moved to Jersey. We bought a piece of land and built a home.

Mr. HALLEY. Who runs the Jarka Stevedoring Co.?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. Who owns the Jarka Stevedoring Co.?

Mr. ANASTASIA. Jarka?

Mr. HALLEY. Who owns it?

Mr. ANASTASIA. I don't know.

Mr. HALLEY. Do you know Captain O'Reilly?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Was there ever a meeting in your house concerning work to be done on the breakwater in Brooklyn?

Mr. ANASTASIA. Never.

Mr. HALLEY. In the month of December 1950?

Mr. ANASTASIA. Never.

Mr. HALLEY. When did you last see your brother Tony?

Mr. ANASTASIA. Yesterday.

Mr. HALLEY. What did you talk about?

Mr. ANASTASIA. He was here yesterday; he had a subpoena.

Mr. HALLEY. I know, but what did you talk about?

Mr. ANASTASIA. Nothing.

Mr. HALLEY. When did you last see him before that?

Mr. ANASTASIA. Well, he comes to my house maybe once a week or once every 2 weeks.

Mr. HALLEY. You saw him from time to time in December?

Mr. ANASTASIA. I saw him during the holidays and New Year's.

Mr. HALLEY. Did you see him before the holidays in December?

Mr. ANASTASIA. I saw him often. He is my brother. I don't know when I saw him.

Mr. HALLEY. Was your brother in your home with a number of other men?

Mr ANASTASIA. No, sir.

Mr. HALLEY. During December 1950?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you know Gus Schiannovino?

Mr. ANASTASIA. Yes, I do.

Mr. HALLEY. How long do you know him?

Mr. ANASTASIA. Oh, about 25 years; 25 or 30 years.

Mr. HALLEY. Are you on friendly terms with him?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. What is his business?

Mr. ANASTASIA. Organizer.

Mr. HALLEY. A union organizer?

Mr. ANASTASIA. For the union for the longshoremen.

Mr. HALLEY. For the longshoremen?

Mr. ANASTASIA. For the longshoremen's union.

Mr. HALLEY. And did Schiannovino want your brother to get that job on the breakwater in Brooklyn?

Mr. ANASTASIA. That I don't know, sir.

Mr. HALLEY. Do you know Frank Nolan?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You do not?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What are the advantages of being the hiring boss on a dock? What does the hiring boss do?

Mr. ANASTASIA. Well, he calls the men in the morning, gang by gang, "You are assigned to No. 1 hatch," No. 2 hatch, No. 3 hatch, No. 4 hatch, and so on.

Mr. HALLEY. He picks the men who get hired; is that right?

Mr. ANASTASIA. That is right.

Mr. HALLEY. Have you ever heard that sometimes the men kick back the money to the boss?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You never heard that?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You realize you are under oath?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. And that is a good way to get into trouble, if you fail to tell the truth under oath?

Mr. ANASTASIA. I never heard of it.

Mr. HALLEY. You never heard of any case where a man paid money back?

Mr. ANASTASIA. Well, you read—in fact, I read of a lot of cases, but I never hear about my brother.

Mr. HALLEY. I did not ask you about your brother. Did you ever hear that that occurred on the docks?

Mr. ANASTASIA. I am not too near the dock. I am away from Brooklyn for 4 years.

Mr. HALLEY. Well, you worked there right after the war, is that right?

Mr. ANASTASIA. That is right.

Mr. HALLEY. For how long?

Mr. ANASTASIA. I worked from—beginning to work in December or January 1945.

Mr. HALLEY. And how long after that did you work?

Mr. ANASTASIA. I don't recall if it was 4, 5, or 6 months; I don't recall.

Mr. HALLEY. What were your duties there? You were a foreman on the dock?

Mr. ANASTASIA. I was a superintendent.

Mr. HALLEY. What does a superintendent do?

Mr. ANASTASIA. Well, a superintendent is above the hire foreman. The hire foreman designates the men in the gangs, and the superintendent walks around the pier and sees that they do their work.

Mr. HALLEY. When you were superintendent, did you ever hear anything first about any men paying for the privilege of working on the docks?

Mr. ANASTASIA. Not on our pier.

Mr. HALLEY. On any other pier?

Mr. ANASTASIA. I don't know about that.

Mr. HALLEY. Did anybody ever tell you that men paid for the privilege of working on the dock?

Mr. ANASTASIA. I was not interested.

Mr. HALLEY. Would you have heard about it, if you were interested?

Mr. ANASTASIA. Well, I might have read that, but I was not interested—sure, I guess so.

Mr. HALLEY. That is what the men say, isn't it?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. That is what the men say, isn't it, that they have to pay to work on the docks?

Mr. ANASTASIA. No, sir, not on our pier.

Mr. HALLEY. Do you know Benjamin Crown?

Mr. ANASTASIA. Ben Crown? I heard his name here yesterday.

Mr. HALLEY. Did you ever see him before that?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you know Benjamin Macri?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. ANASTASIA. I know him several years.

Mr. HALLEY. In what way do you know him?

Mr. ANASTASIA. Well, we are very friendly.

Mr. HALLEY. You are a good friend of his?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. When did you first meet him?

Mr. ANASTASIA. I don't remember if I knew him before I went in the service, or after I got discharged from the service.

Mr. HALLEY. Well, how did you meet him?

Mr. ANASTASIA. Well, how I met him I cannot tell you; I don't remember now.

Mr. HALLEY. Have you got any mutual friends?

Mr. ANASTASIA. With who?

Mr. HALLEY. With Macri.

Mr. ANASTASIA. With Macri, you mean if we are close?

Mr. HALLEY. Do you have any friends, some of his friends whom you also know?

Mr. ANASTASIA. Not that I know of.

Mr. HALLEY. Well, you don't just meet a man; somebody introduces you, or you meet him through some business.

Mr. ANASTASIA. I don't know if it was through the occasion of a stevedoring matter, through my brother, that my brother was a stevedore, and we were doing some work during the winter of 1945, and we had a ship of ballast in one of Macri's piers in Brooklyn, and I believe that is the time that I must have met him.

Mr. HALLEY. What was Macri's business?

Mr. ANASTASIA. Ship repair.

Mr. HALLEY. Do you know the name of his company?

Mr. ANASTASIA. Sancor Shipbuilding Co.

Mr. HALLEY. Since you met him you say you have become very friendly?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Does he come to your house?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How often?

Mr. ANASTASIA. He was over to my house a couple of times, maybe three or four times, with his wife and kid.

Mr. HALLEY. Have you been over to his house?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. With your wife?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. And did he ever give you any help in the building of house?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did he ever provide any laborers for you?

Mr. ANASTASIA. That I refuse—I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. I order you to answer.

Mr. ANASTASIA. I decline on the same grounds, sir.

Mr. HALLEY. Who was the contractor for the building of your house?

Mr. ANASTASIA. I decline to answer on the ground it may tend to incriminate me.

Mr. HALLEY. You know, your way of approaching this is very peculiar. Every time we get close to some subject which the committee has any suspicions about, and you refuse to answer, then we are sure we are right. This is a fact-finding committee. The committee is going to form its judgment, and when you refuse to even tell the committee the name of the contractor who built your house, the committee's judgment, expressed in its report, will be bound to be adverse to you; at least, I will recommend it to the committee.

Mr. ANASTASIA. I am under investigation by the Government. The Government knows everything. It knows my income, the house, the contractors.

Senator TOBEY. We know your income, we have got your income tax blanks. It is all open to us.

Mr. ANASTASIA. Yes.

Senator TOBEY. That does not answer the question about the house.

The CHAIRMAN. Well, you are ordered to tell what contractor built your house.

Mr. ANASTASIA. I decline to answer on the same grounds.

Mr. HALLEY. I am sorry; but did you refuse to answer?

Mr. ANASTASIA. I decline to answer on the ground that it may tend to incriminate me.

Mr. HALLEY. What is Macri's first name?

Mr. ANASTASIA. Benedict.

Mr. HALLEY. What?

Mr. ANASTASIA. Benedict Macri.

Mr. HALLEY. Benedict Macri; is he in the Tombs now? Isn't he in jail?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Charged at the time for the Loria murder?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How many times were you charged with murder, Mr. Anastasia?

Mr. ANASTASIA. I don't remember, sir. If you will show me the record, I will tell you if it is correct.

Mr. HALLEY. Well, we are not going to play that game. Have you ever been charged with murder?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. More than once?

Mr. ANASTASIA. More than once.

Mr. HALLEY. Were you ever convicted of any crime?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. Were you ever convicted of any crime?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. What crime?

Mr. ANASTASIA. Violation of the Sullivan law.

Mr. HALLEY. For carrying a gun?

Mr. ANASTASIA. For carrying a gun.

Mr. HALLEY. When were you convicted of that?

Mr. ANASTASIA. In 1923.

Mr. HALLEY. Did you go to jail?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. For how long?

Mr. ANASTASIA. I was sent to a New York penitentiary.

Mr. HALLEY. For how long?

Mr. ANASTASIA. About 27 or 28 months.

Senator TOBEY. Do you still carry a gun?

Mr. ANASTASIA. I did not understand you.

Senator TOBEY. Do you still carry a gun?

Mr. ANASTASIA. I was accused of it, but I was innocent.

The CHAIRMAN. The question that Senator Tobey asked you is, Do you still carry a gun?

Mr. ANASTASIA. No, sir. I carried one in the Army, but now now.

Mr. HALLEY. What other convictions have you had?

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. What other convictions have you had?

Mr. ANASTASIA. A conviction that stood up, the only one was the gun charge, that I served time for, and no other conviction ever stood up against me.

Mr. HALLEY. Did you have any conviction that was reversed?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. For what?

Mr. ANASTASIA. For murder.

Mr. HALLEY. When was that?

Mr. ANASTASIA. I don't know, 1920 or 1921. You have the record there, you know.

Mr. HALLEY. I have the record, but I want your memory on it.

Mr. ANASTASIA. 1920 or 1921. I don't remember. I was convicted of murder in the first degree.

Mr. HALLEY. And you were sentenced to the chair?

Mr. ANASTASIA. I was sentenced to the chair, and the Court of Appeals of the State of New York unanimously reversed it, and dismissed the indictment.

Mr. HALLEY. Who defended you?

Mr. ANASTASIA. Leo Healy, and a fellow by the name of Milligan, a State lawyer. I didn't have no lawyer.

Mr. HALLEY. The case was reversed, and you were given a new trial?

Mr. ANASTASIA. A new trial was granted unanimously by the court of appeals.

Mr. HALLEY. On the new trial, were you acquitted?

Mr. ANASTASIA. Not acquitted, they were ordered to dismiss the indictment. I was never brought to a second trial.

Mr. HALLEY. You were never brought to trial again?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Were you convicted of crime on any other occasions?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Do you know Joseph Profaci?

Mr. ANASTASIA. I just seen him outside here.

Mr. HALLEY. Did you ever meet him before?

Mr. ANASTASIA. I must have met him once or twice before, sir.

Mr. HALLEY. Where?

Mr. ANASTASIA. Around Brooklyn.

Mr. HALLEY. Well, where?

Mr. ANASTASIA. Some restaurant, or some wedding. I don't remember where.

Mr. HALLEY. Do you know Willie Moretti?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Did you go to the wedding of Willie Moretti's daughter?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. Do you know Vito Genovese?

Mr. ANASTASIA. I know of him, and I must have met him once or twice, but I am not too friendly with him.

Mr. HALLEY. Do you know Little Augie Pissano?

Mr. ANASTASIA. Yes, sir.

Mr. HALLEY. How long have you known him?

Mr. ANASTASIA. Twenty-five years, 20 years, I don't remember.

Mr. HALLEY. Were you ever in business with him?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. Did you ever belong to a political club?

Mr. ANASTASIA. A political club?

Mr. HALLEY. Yes.

Mr. ANASTASIA. It was a political club in Brooklyn that occasionally I used to go in.

Mr. HALLEY. What club was that?

Mr. ANASTASIA. The City Democratic Club.

Mr. HALLEY. In what district was that?

Mr. ANASTASIA. The third assembly district in Brooklyn.

Mr. HALLEY. When did you belong?

Mr. ANASTASIA. In 1931, 1932, 1933; I don't remember.

Mr. HALLEY. Did you ever make a political contribution?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You were not a citizen at that time, were you?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. And of course you could not vote.

Mr. ANASTASIA. I beg your pardon?

Mr. HALLEY. You did not vote at that time?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. What was your interest in a political club at that time?

Mr. ANASTASIA. I did not get that.

Mr. HALLEY. What was your interest in a political club at that time?

Mr. ANASTASIA. No interest whatsoever.

Mr. HALLEY. Why did you belong?

Mr. ANASTASIA. Well, you go in there occasionally, once a week, or maybe once every 2 weeks; that is the only interest I had.

Mr. HALLEY. Who asked you to join?

Mr. ANASTASIA. I don't recall who it was. I think a fellow by the name of Dr. Longoe; I believe he was president. He is dead now. He was the president of the club.

Mr. HALLEY. He was a good friend of Adonis; wasn't he?

Mr. ANASTASIA. I don't know, sir.

Mr. HALLEY. Didn't you ever see Adonis around there?

Mr. ANASTASIA. No, sir; I never saw him around the club.

Mr. HALLEY. Now, let's get back to Nacri. Did he ever send any trucks over to your house at Palisade?

Mr. ANASTASIA. I don't remember him sending any there.

Mr. HALLEY. You don't remember?

Mr. ANASTASIA. No, sir.

Mr. HALLEY. You don't deny it, though.

Mr. ANASTASIA. I don't remember that he ever sent anything there.

Mr. HALLEY. Did he ever send any workmen over there?

Mr. ANASTASIA. I decline to answer that on the ground that it might tend to incriminate me.

Mr. HALLEY. How much did it cost you to build your house?

Mr. ANASTASIA. That house cost me \$48,000 or \$47,000. I got a \$30,000 mortgage, 20 and 10.

Mr. HALLEY. And how much did the ground cost you?

Mr. ANASTASIA. \$8,000.

Mr. HALLEY. How long did it take to build it?

Mr. ANASTASIA. Well, around 4 months, I believe.

Senator TOBEY. What was your business before building the house?

Mr. ANASTASIA. I decline to answer on the ground that it may tend to incriminate me.

Senator TOBEY. Where did you get the \$28,000 cash, over and above the mortgage to put into that house?

Mr. ANASTASIA. Do you mean the first money?

Senator TOBEY. You said it cost \$48,000, and \$10,000, that is \$58,000, with a mortgage of \$30,000.

Mr. ANASTASIA. \$58,000.

Senator TOBEY. You said that the place cost \$48,000 and the land \$10,000.

Mr. ANASTASIA. Eight thousand.

Senator TOBEY. Well, that is \$56,000, and you got a mortgage of \$30,000, so as to the \$26,000, where did that come from?

Mr. ANASTASIA. A \$30,000 mortgage; \$20,000 first and \$10,000 second.

Senator TOBEY. Well, deducting that, it leaves \$26,000.

Mr. ANASTASIA. Yes, sir.

Senator TOBEY. Where did that money come from?

Mr. ANASTASIA. We had a home in Brooklyn, and we sold it.

Senator TOBEY. What did that bring?

Mr. ANASTASIA. \$27,000.

Mr. HALLEY. So you put that money in there; is that right?

Mr. ANASTASIA. Yes, sir.

Senator TOBEY. I see. Thank you.

Mr. SHIVITZ. Mr. Anastasia, you got a first mortgage from a lending institution, from a bank, of \$20,000?

Mr. ANASTASIA. I have a first mortgage from the president of the Fort Lee Trust Co.

Mr. SHIVITZ. From the who?

Mr. ANASTASIA. My first mortgage is from the president of the Fort Lee Trust Co.

Mr. SHIVITZ. The Fort Lee Trust Co., that is for \$20,000?

Mr. ANASTASIA. Yes; and he also has the second mortgage.

Mr. SHIVITZ. And he has the second mortgage?

Mr. ANASTASIA. Also.

Mr. SHIVITZ. He has it personally, or is it the trust company?

Mr. ANASTASIA. I believe he has it personally.

Mr. SHIVITZ. And he gave you that mortgage, or you gave him that mortgage, rather, and he made you that loan after the house was built; is that correct?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. What then?

Mr. ANASTASIA. Well, the house was in operation.

Mr. SHIVITZ. Before the house was built he gave you a mortgage?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Tell us when.

Mr. ANASTASIA. Well, I had the wall up.

Mr. SHIVITZ. When you had the walls up?

Mr. ANASTASIA. That is right.

Mr. SHIVITZ. Did you have the interior walls up and the outside walls up when he gave you the mortgage?

Mr. ANASTASIA. My house is a cinder block. I don't know if you know anything about building, but the cinder block goes up in a week, right to the roof.

Mr. SHIVITZ. That is when he gave you the \$30,000?

Mr. ANASTASIA. The first floor, they were working on it, and I applied for the first mortgage.

Mr. SHIVITZ. Did you submit a set of plans to him at that time?

Mr. ANASTASIA. I believe I must have. I don't know.

Mr. SHIVITZ. And specifications?

Mr. ANASTASIA. I don't remember.

Mr. SHIVITZ. You don't remember?

Mr. ANASTASIA. No.

Mr. SHIVITZ. Did they get an appraisal on the building before they gave you the mortgage?

Mr. ANASTASIA. I don't remember. You will have to ask him.

Mr. SHIVITZ. Now, tell us, please, when you negotiated this \$30,000 loan.

Mr. ANASTASIA. That was not \$30,000; it was \$20,000.

Mr. SHIVITZ. Well, 20 and 10. When did you get the \$10,000? After the house was built?

Mr. ANASTASIA. When the house was almost complete.

Mr. SHIVITZ. When you got the \$20,000; did you negotiate that yourself?

Mr. ANASTASIA. No; through a lawyer.

Mr. SHIVITZ. What lawyer?

Mr. ANASTASIA. Bernard White, from Cliffside.

Mr. SHIVITZ. And you stated to Mr. Halley that you thought you knew Vito Genovese, from Bluff Road.

Mr. ANASTASIA. From Bluff Road?

Mr. SHIVITZ. You think you know Vito Genovese?

Mr. ANASTASIA. I don't know no Genovese on Bluff Road.

Mr. SHIVITZ. Do you know Genovese?

Mr. ANASTASIA. I know of him.

Mr. SHIVITZ. You know of him?

Mr. ANASTASIA. I read about it.

Mr. SHIVITZ. You don't know him, though?

Mr. ANASTASIA. No.

Mr. SHIVITZ. Is it not a fact that you lived with that man?

Mr. ANASTASIA. I lived with that man?

Mr. SHIVITZ. Just answer "Yes" or "No."

Mr. ANASTASIA. No, sir. Religiously, no.

Mr. SHIVITZ. Where did you get your citizenship?

Mr. ANASTASIA. In the Army.

Mr. SHIVITZ. Where?

Mr. ANASTASIA. At Indiantown Gap, Pa.

Mr. SHIVITZ. Do you know Joe Russo?

Mr. ANASTASIA. Joe Russo?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. That name don't mean anything to me.

Mr. SHIVITZ. Now, you do contracting for jobbers; is that right, in your business?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. You do contracting work?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. How many concerns do you do work for, about?

Mr. ANASTASIA. I refuse to answer on the ground that it might tend to incriminate me.

The CHAIRMAN. Well, you are ordered to answer. Do you still refuse?

Mr. ANASTASIA. I refuse to answer on the same ground.

Mr. HALLEY. You mean that your dress business is a racketeering business, too? Does that mean that your dress business is a racketeering business, too?

Mr. ANASTASIA. Well, that is my opinion—I am not a lawyer, I never went to school, and I refuse to answer. The Government has all the names and addresses of people with whom we do business, how much income out of the dress shop. The Government is in a position to have every document.

Mr. SHIVITZ. Who were some of your customers?

Mr. ANASTASIA. I refuse to answer on the same ground.

Mr. SHIVITZ. You won't tell us the names of any of your customers?

Mr. ANASTASIA. I refuse to answer.

The CHAIRMAN. Well, you are ordered to answer. You understand you are directed to answer these questions? Do you understand that, Mr. Anastasia?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. Who does your trucking?

Mr. ANASTASIA. My partner takes care of that.

Mr. SHIVITZ. Don't you know the name of the company that does your trucking?

Mr. ANASTASIA. He is taking care of that.

Mr. SHIVITZ. You don't know the name of the company?

Mr. ANASTASIA. My partner takes care of that.

Mr. SHIVITZ. You did not answer the question.

Mr. ANASTASIA. I said he is taking care of the trucking.

Mr. SHIVITZ. Please answer the question. Do you know the name? Do you know the name of the company that does your trucking? Answer that "Yes" or "No."

Mr. ANASTASIA. I don't know the name.

Mr. SHIVITZ. Do you know Tommy Lucchese?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Do you know a man called Three-fingered Brown?

Mr. ANASTASIA. I read about it last night.

Mr. SHIVITZ. I asked you if you know him.

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Now, you testified that when you got out of the Army, you were a superintendent for your brother's company and that you hired men in the stevedoring business.

Mr. ANASTASIA. I did not hire men.

Mr. SHIVITZ. What does a superintendent do?

Mr. ANASTASIA. A superintendent watches out for the interests of the concern.

Mr. SHIVITZ. What company was your brother in? What was the name of the company at that time?

Mr. ANASTASIA. The A. A. Stevedoring.

Mr. SHIVITZ. Did you ever hear of the Nessa Co.?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Do you know whether the superintendent lays out the cargo plans?

Mr. ANASTASIA. No; I don't.

Mr. SHIVITZ. Who are the owners, besides your brother, of the A. A.?

Mr. ANASTASIA. He, himself.

Mr. SHIVITZ. He has no partners?

Mr. ANASTASIA. No partners.

Mr. SHIVITZ. Did they ever have a Government contract, the A. A.?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Where are they located?

Mr. ANASTASIA. A. A.?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. Fifteen Bridge Street, I believe.

Mr. SHIVITZ. In Brooklyn?

Mr. ANASTASIA. New York.

Mr. HALLEY. When were you last in Hazleton, Pa.?

Mr. ANASTASIA. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You understand that you are ordered to answer that question.

Mr. ANASTASIA. I decline to answer on the same ground, sir.

Mr. HALLEY. Do you spend any time at that dress place?

Mr. ANASTASIA. Occasionally.

Mr. HALLEY. What do you mean by "occasionally"?

Mr. ANASTASIA. Well, some time.

Mr. HALLEY. Once a week?

Mr. ANASTASIA. No; that is not necessary.

Mr. HALLEY. Once a month are you there?

Mr. ANASTASIA. No; once maybe every 3 weeks.

Mr. HALLEY. For a day?

Mr. ANASTASIA. A couple of hours.

Mr. HALLEY. For a couple of hours?

Mr. ANASTASIA. Yes.

Mr. HALLEY. Thank you.

Mr. SHIVITZ. Do you ever go out to solicit business for the company?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever ask any of your friends to get you some work?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever ask your friends to get you some machinery?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever ask anybody to help you legitimately in your business?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. Did you ever do anything for your business?

(No response.)

The CHAIRMAN. What do you do in this dress factory? I mean, what is your part in it, Mr. Anastasia? I mean, do you keep the books? Do you hire the people?

Mr. ANASTASIA. Well, we have books, we have everything.

The CHAIRMAN. No; what do you do in it? You are a half owner, or a big owner.

Mr. ANASTASIA. That is right.

The CHAIRMAN. What do you do about it?

Mr. ANASTASIA. Well, I go out there and see that my partners take care of all the field work, all the transactions, he takes care of it.

The CHAIRMAN. How many people do you employ?

Mr. ANASTASIA. We have got 100 machines there.

The CHAIRMAN. You employ about 200 people there, do you?

Mr. ANASTASIA. No.

The CHAIRMAN. About how many?

Mr. ANASTASIA. Well sometimes our plant—our plant has 100 machines, but it isn't all the time that you have 100 people working.

The CHAIRMAN. What do you make there? Dresses?

Mr. ANASTASIA. Dresses.

The CHAIRMAN. Do you sell them all to one person, or all over the country?

Mr. ANASTASIA. They belong to the jobbers.

The CHAIRMAN. You sell them to the jobbers?

Mr. ANASTASIA. No, sir; we get the goods from the jobbers. Whatever my partner jobs. We make the dresses.

Mr. HALLEY. You are what they call a contractor, aren't you?

Mr. ANASTASIA. Yes; a contractor.

The CHAIRMAN. Excuse me.

Mr. SHIVITZ. You say your partners take care of the details?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. What did you say your partners' names were?

Mr. ANASTASIA. Carl Strauss.

Mr. SHIVITZ. That is one. Who is the other?

Mr. ANASTASIA. That is my partner.

Mr. SHIVITZ. Well, you have been saying partners, have you not?

Mr. ANASTASIA. No, sir; I am sorry; just one.

Mr. SHIVITZ. That was a mistake if you said partners?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. Does he have a manager under him, too?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. He does everything; he is his own boss?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. And he has no assistant boss there?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. What price goods do you make?

Mr. ANASTASIA. Oh, well, it all depends, a \$3.75 dress or \$4.75.

Mr. SHIVITZ. You don't go higher?

Mr. ANASTASIA. No.

Mr. SHIVITZ. And you said your brother hires men for Jarke. Is he on their payroll, do you know?

Mr. ANASTASIA. What payroll?

Mr. SHIVITZ. The payroll of Jarke.

Mr. ANASTASIA. The Jarke payroll?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. Well, he is working for Jarke.

Mr. SHIVITZ. Then he is on their payroll?

Mr. ANASTASIA. He must be on it.

Mr. SHIVITZ. Do you know what the letters "A. A." stand for?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. What?

Mr. ANASTASIA. Anthony Anastasia.

Mr. SHIVITZ. Do you know Joe Ryan?

Mr. ANASTASIA. Yes, sir.

Mr. SHIVITZ. For how long?

Mr. ANASTASIA. Oh, maybe 20 years, 18 years.

Mr. SHIVITZ. When did you last see him?

Mr. ANASTASIA. Today.

Mr. SHIVITZ. Where?

Mr. ANASTASIA. In here [indicating].

Mr. SHIVITZ. And before today?

Mr. ANASTASIA. I must have saw him a few months ago, I don't remember.

Mr. SHIVITZ. Did you have any business dealings with him?

Mr. ANASTASIA. No; I met him in a bar or some restaurant, but no business dealings.

Mr. SHIVITZ. Whereabout; in Jersey, New York, or Brooklyn?

Mr. ANASTASIA. New York.

Mr. SHIVITZ. In New York?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. In what neighborhood?

Mr. ANASTASIA. Around Eighth Avenue.

Mr. SHIVITZ. Do you consider him to be a good friend of yours?

Mr. ANASTASIA. Joe Ryan?

Mr. SHIVITZ. Yes.

Mr. ANASTASIA. Not too close to me, but he is a gentleman, he is a nice fellow.

Mr. SHIVITZ. I didn't ask you for your opinion of him. Do you consider yourself a friend of his, a good friend of his?

Mr. ANASTASIA. Well, I don't know what he considers me.

Mr. SHIVITZ. What do you consider him?

Mr. ANASTASIA. I consider him just a friend, not too intimate. There is nothing attached between him and I, that we are socially, to be a family friend.

Mr. SHIVITZ. Well, if you get in a jam could you count on him for some help?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Mr. Walsh?

Mr. WALSH. No.

The CHAIRMAN. Senator Tobey?

Senator TOBEY. No.

The CHAIRMAN. I think we ought to clear this up. You have been charged with murder quite a number of times. We have your record here; is that correct?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. And felonious assault; is that right?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Well, here is April 6, 1923, felonious assault, before Judge Haggerty, Supreme Court, and you were discharged. Do you remember that?

Mr. ANASTASIA. That was murder.

The CHAIRMAN. That was murder?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. And you were finally charged with vagrancy in 1936, were you not?

Mr. ANASTASIA. I beg your pardon?

The CHAIRMAN. You were charged with vagrancy in 1936?

Mr. ANASTASIA. Yes, sir.

The CHAIRMAN. How did you get out of this last case they had up here in 1940 or 1942?

Mr. ANASTASIA. Which case, sir?

The CHAIRMAN. That was the Romeo case, wasn't it? Isn't that the name of it, Panto Romeo?

Mr. ANASTASIA. Panto Romeo? I don't know nothing about it.

The CHAIRMAN. Weren't you tried in that case?

Mr. ANASTASIA. I don't know nothing about it.

The CHAIRMAN. I mean, you were tried, were you not?

Mr. ANASTASIA. Panto Romeo?

The CHAIRMAN. Didn't the grand jury indict you on that?

Mr. ANASTASIA. Those names don't mean nothing to me, Mr. Senator. I think you have got the wrong investigator. You should hire a reliable investigator. There is no Romeo and Panto that I was implicated in.

The CHAIRMAN. Peter Panto?

Mr. ANASTASIA. Never.

The CHAIRMAN. And Anthony Romeo?

Mr. ANASTASIA. Never, sir.

The CHAIRMAN. You don't remember them at all?

Mr. ANASTASIA. I never was charged with any crime concerning them, sir.

The CHAIRMAN. Well, didn't the grand jury charge you with intent to murder?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. And the killing of some union official?

Mr. ANASTASIA. No, sir.

The CHAIRMAN. Or the harboring of Lepke?

Mr. ANASTASIA. I beg your pardon?

The CHAIRMAN. Didn't you get charged with harboring or keeping Lepke somewhere?

Mr. ANASTASIA. I was charged with it?

The CHAIRMAN. Yes.

Mr. ANASTASIA. Not that I recalled.

The CHAIRMAN. All right.

Senator TOBEY. You were convicted of murder and then the sentence was set aside; is that right?

Mr. ANASTASIA. I believe it was three or four; yes, you are right.

Senator TOBEY. It is an unusual thing for a man to be charged with three or four murders, isn't it?

Mr. ANASTASIA. It is very unusual. It happened to me.

The CHAIRMAN. All right, Mr. Anastasia.

Mr. SHIVITZ. May I have just another question?

The CHAIRMAN. Go ahead.

Mr. SHIVITZ. Mr. Anastasia, you say that you were a superintendent. Can you tell us what the work of a superintendent is—is it just to walk around and see men do the work; is that correct?

Mr. ANASTASIA. Yes.

Mr. SHIVITZ. Can you tell us in a little more detail what a superintendent's functions are?

Mr. ANASTASIA. I will give you the details in a second.

Mr. SHIVITZ. If you will.

Mr. ANASTASIA. The detail of my brother, we didn't handle any general cargo. We were discharging ballast from all the ships that were carrying troops to the sea, after I got discharged from the Army, all those ship, they had all the ballast—I don't know if you know what it is.

The CHAIRMAN. Yes; we know what ballast is.

Mr. ANASTASIA. So we were discharging the ballast, and it doesn't require any intelligence to be a superintendent.

Mr. SHIVITZ. On that kind of a job, you mean?

Mr. ANASTASIA. On that kind of a job. I was not superintendent on any other, Mister.

Mr. SHIVITZ. You were never superintendent on a regular cargo-loading job?

Mr. ANASTASIA. No, sir.

Mr. SHIVITZ. No further questions.

The CHAIRMAN. Mr. Anastasia, when we want you again we will let you know. You are to remain under subpoena. There will be no other subpoena served on you. That is all now.

(End of testimony taken in executive session.)

The CHAIRMAN. Now it is with much reluctance at this time that we have come to the point where we have to close our hearings in New York.

We have a committee meeting in the morning with some important witnesses who have been scheduled for a long time in Washington. It is necessary that Senator Tobey and I go back to Washington and have an opportunity tonight of conferring with our counsel in Washington in preparation for the meeting tomorrow. Then we have a further meeting Saturday, and then the rest of the week.

Furthermore, the members of this committee and the staff have the well-nigh impossible job of writing a report based upon testimony taken over a period of more than 10 months in all parts of the Nation—of course, many, many volumes of testimony—and of making our recommendations to the United States Senate by March 31. So that there has to be a stopping point at some time in the hearings here in New York.

We had expected to finish last week, but we have gone over longer than we felt that we could or should.

I may say that the staff in New York, and our chief counsel, Rudolph Halley, has personally directed the investigation in its last phases. Mr. Kostelanetz directed the investigation in the first part—that we have only used about, I guess, 15 to 20 percent of the investigative files that we have on conditions and transactions that we think are of importance in New York.

Thousands of bits of information and rumors have been traced down and investigated. Hundreds and hundreds of witnesses have been interviewed by the members of the staff, who have worked most diligently; and I want to pay the highest tribute to them, the men and the women who have worked with the staff up here. They have worked long hours, and with a zest that was very great and heartening.

But we have tried to select the most important bits of evidence, and the parts of the investigation that were to be presented at the hearing.

We could go on for several weeks presenting matters already in our files. We have not at this hearing been able to go in and to bring out matters about gambling transactions of importance over in Bergen County, and other counties of New Jersey. We have not been able to more than touch the water-front problem, which is one of the great ones affecting cities of this area, and also the United States Government, in which the Federal Government has a direct interest.

I am particularly regretful that we are not in a position to put some witnesses on in connection with water-front and gambling transactions on Staten Island, where an unusually bad situation exists. And we have received many requests from leading citizens of Staten Island that we put the witnesses on who have been subpoenaed here in connection with Staten Island.

We have even been told that, if we do not do so, the gamblers and racketeers might feel that they had given a lesson to the committee by not being called, and they would be even more rampant than they have been in the past.

I want to say in that connection that such information as we think will be of use to the public officials in connection with water front, and in connection with Staten Island, will be turned over to the appropriate authorities so that they will have the information and facts that we have, as we know it, so that we may be helpful to them. And I am sure that with what is known, and with the desire of the people to clean out and to better conditions in Staten Island, on the water front, and in several places in New Jersey, that definite action will be taken, and that conditions will be very much better.

Before proceeding on with anything else, I want to express our very deep appreciation to Judge Knox, Sr., United States district judge, who has made available the facilities of this courtroom, and this building, to us; to Judge Goddard, who moved his court in order that we could have this beautiful courtroom for our hearings;

To United States Marshal William A. Carroll and his deputies, who have served subpoenas for us, and have been here long hours of the day and night, and have been most courteous in every respect;

To the administrator of the building, Armand Chankalian, and his associate, Mr. Miller, who set up our hearing rooms, and who has rendered every possible courtesy to us;

And Mr. Laughton, the building superintendent;

Mr. Irving Saypol, the United States attorney, his staff, who have rendered us great assistance and every possible courtesy;

To District Attorney Frank Hogan and members of his staff, and Miles McDonald and his good men;

To the Internal Revenue agents, the Narcotics Bureau, Sam Levine and George White, and agents of the other Federal agencies; the police commissioner, the commissioners and officials of the city of New York, who have been of much assistance to us in this hearing.

I think no place we have been have we had more enthusiastic officials and people to help us than we have had here.

We, of course, want to express our appreciation to the ladies and gentlemen of the press, to Station WMGM, a radio station which has furnished the facilities for the radio pool; Station WPIX-TV, which furnished the television facilities for the pool; Mr. Brundage and Mr. McClay and Mr. Larsen, who supervised the television operation; Mrs. Meyers and Mrs. Sonner, Mr. Alphona, Mr. Halligan, Mr. Laird, and to all the members of the staff who have done so much to help us here.

Here is a telegram from Mr. Samuel Becker, the attorney for the Copacabana Club. Mr. Becker's address is No. 1 Wall Street.

The undersigned represents Monte Proser and with him attended an interview with your Mr. Nellis at his request. It has been reported that at this afternoon's session a witness responding to your questions answered that Mr.

Proser ran the restaurant at Piping Rock and that he was still connected with the Copacabana. Your Mr. Nellis has the facts and knows that the witness' answers are not correct and that the witness has no testimonial knowledge of the subject. *The records will show that Mr. Proser simply produced the shows for the Piping Rock under a contract, that he had absolutely nothing to do with the restaurant, and that he was forced to sell his interest in the Copacabana last January because as a minority stockholder he had no voice in the management for several years. Will you be good enough to spread this telegram on the record?

Telegram from Warren S. Watts, president of the Eskimo Pie Corp. In all the heat of this hearing room, I think some Eskimo pies might be a very good thing to pass around. It takes a lot of things and a lot of different kinds of people to make up our great American life.

In the course of Counselor Halley's interrogations of Frank Costello this morning, the name of Eskimo pie was identified as one of the products made by Dainties Products Corp., one of the companies in which Frank Costello allegedly had an interest. The Eskimo Pie Corp. owns all trade-marks and rights to the name Eskimo pie, which name is used on products manufactured and sold under franchise by representative ice-cream companies throughout America. The Dainties Products Corp. was never a franchised manufacturer and the Eskimo Pie Corp. has never had any connection with Frank Costello. Mr. Halley, I am sure, used the trademark name Eskimo pie in error simply meaning a chocolate-covered ice-cream product. I would appreciate your reading this into the record as a retraction.

Mr. Halley, will you join in the retraction?

MR. HALLEY. I hope the president of the Eskimo Pie Co. will pardon the expression.

The CHAIRMAN. Also, when summertime comes, they will let us have some Eskimo Pies.

Senator TOBEY. The only comment I would make, off the record, is that Eskimo Pies and Frank Costello are both cold propositions.

The CHAIRMAN. Senator Tobey, will you take over at this point?

Senator TOBEY. Well, Mr. Chairman, I have listened to what you have said and your words of appreciation and gratitude to the staff, and the officials of this building, and all who have done so much, especially the reporters, the radio interests, and the television interests, to give the American people an accurate first-hand picture of what has gone on in this courtroom in this investigation which now draws to a close in New York this afternoon.

Today marks the culmination perhaps of the high-point dramatic testimony we have had all over this Nation.

As I review it in my mind, my mind goes back to an incident that happened a week ago in this room, when I was very much moved at certain testimony of the selling of narcotics to school children in organized traffic in the city of Brooklyn; and I spoke extemporaneously and earnestly my righteous indignation at that, and I was moved and the tears came to my eyes.

And because of that, a hostile press to me up in New Hampshire have played me for that and criticized me and reviled me and ridiculed me for it, calling it an emotional outburst and a sign of weakness.

We take those things as part of life.

I believe the time has come in America, and there is just cause for all true Americans to have grief in their hearts, if not in their eyes, at what has transpired in our country and what we have heard here under oath today.

A great man came from New York years ago, and he became President of the United States. His name was Grover Cleveland. And

Grover Cleveland made a great classic utterance at one time. May it always live in the hearts of those of us who serve the public in our respective capacities. And he said, "Public office is a public trust." Those are great words, friends, here and over the radio.

So I say to you the tragic part is that some of these men we have heard testify have never heard of that apparently and never hidden it in their hearts, and they have gone on profiteering on the American public.

Tonight and tomorrow morning Pravda and Izvestia over in Russia will print on their front pages the testimony we heard here today, and they will say, "Comrades, this is America." And America's standing will go down in the minds of some because of those things.

Benedict Arnold rides again in this country. When men are guilty of some of the things brought to light here today, they come pretty near being treason, in my judgment, beyond peradventure.

The time will come—and I hope to God it has—when the American people will rise up and sound a warning note to this type all over the world and say, "Hold; enough."

Russia may flay us in the papers tomorrow morning and tear apart America, and crucify her by words and editorials. But what we have heard here today is not America. If you want to know what America is, go out in the hinterlands of this country, to the farm homes and the village homes, to the men who come home at night to greet their wives and little children, who pay their taxes and worship God according to the dictates of their own conscience, and love America—and there are 10,000 times as many of those as there are those crooks who came before us.

Take heart, America, and don't be discouraged for one moment. I go back in mind to the War of the Revolution, when a man was picked by George Washington and disguised and sent overseas, across the river, in the guise of a spy. He got together copious information, and he came back to report to Washington. He was seized by the British in ambush, and they put him on trial; and the just sentence of a spy, of death at sunrise, was meted out to Nathan Hale. And in the first flush of light from the east in the morning they took him out to an orchard nearby, and they threw a noose around his neck under the tree in the orchard; and the provost marshal said, "You dog of an American, have you anything to say before we swing you off into eternity?" And Nathan Hale, looking up into the skies above, into the face of Almighty God, said, "My only regret is that I have but one life to give to my country."

Would to God Nathan Hale was revived in spirit across America.

And, Mr. Chairman, I am so indignant about these things today that I hope you and I will join with our colleagues in giving the proper authorities the review of this testimony, and where there is perjury—as it looks to me there is—that these men should be prosecuted without any mercy. Let's not only sing "God bless America," but the time has come to sing and to pray from our hearts, "God save America."

The CHAIRMAN. Mr. Halley, before we close do you wish to say anything?

Mr. HALLEY. Mr. Chairman, I do want to thank you and each member of this committee for giving me the opportunity to do the job which has been mine in the last 10 months. It has been an honor, it has been a privilege, it has been an education.

These last 10 months have been 10 months completely out of a lifetime, completely devoted to one single objective, almost to a dedication. But it has been worth every bit of it—in experience, in knowledge, and an opportunity to learn a great deal about my country, and in the opportunity to associate with you. I have been proud to be able to be a part of it.

I do want to say just this about the New York hearings.

The testimony that has been adduced here has been made possible because of the work of a great many people, and I want to mention at least a few, and particularly the special counsel who worked with me and gave their days and nights and every bit of their energies to this task ever since January 1, when we set up our offices here for this final effort of the committee's work.

They include David Shivitz, James Walsh, Louis Yavner, Reuben Lazarus, and Arnold Fein. They succeeded, as the chairman mentioned, Boris Kostelanetz, who had been doing a fine job here up to that time.

In addition to that, from our regular staff, there were here two of our counsel, Mr. Albert Klein, associate counsel to the committee in Washington, who has been working here in New York for many weeks, and Mr. Joseph Nellis, who is assistant counsel to the committee in Washington.

In addition to that, there has been a large investigative staff led by Mr. Patrick Murray, and with a great number of able men who gave much more than I think even they ever thought they had to give.

There is just one other thing I would like to say, Senator Tobey. I could not ever, in my heart, disagree with anything you said, but this is mainly by way of addition. I am a New Yorker. I have lived here all my life, and I know that when you said that in order to find all these fine honest people, you must go to the hinterlands, you meant the hinterlands away from the center of criminal activities——

Senator TOBEY. That's correct.

Mr. HALLEY. Those hinterlands exist all over this city, New York. New York City is a city where there are fine people, millions and millions of them, and I must apologize to you and Senator Kefauver for those few who have appeared before you here today. Thank you. [Applause.]

The CHAIRMAN. I did want to mention also the members of the American Bar Association committee and Mr. Braden, and the crime committee, and especially I wish to thank Mr. Morris Ploskow, who has been very, very helpful, and to whom we are most grateful.

I want to say that one of the great disappointments of the committee here was that we wanted Mr. Abner Zwillman to appear while we were here. He appeared before the staff of the committee, and his counsel said that when the time came to bring him in, he would come in and testify. But, in the last few days, the head of the firm, Mr. Arthur Garfield Hays, says he has not been able to find Mr. Zwillman, so we have had a subpoena issued for him, but we have not succeeded in getting service. However, we will continue to try to get service and have him testify in Washington.

We have had members of our staff out late at night looking for him, and while Mr. Hays said he would have him in, his client has gotten away from him, and he can't locate him.

I think I should point out in conclusion that the testimony in New York has been very important, particularly when viewed in the light of the testimony we have gotten in other parts of the United States.

We have, in this last hearing outside of Washington, tied up many strings and many connections, and we have had testimony showing the operation of crime in interstate commerce in our testimony that we have gotten here in New York.

We have also heard some testimony of possible violations—Federal offenses. I think what we have secured here will be very important and helpful to us in writing our report and in making legislative recommendations.

The narcotics problem that has been dealt with has been of importance. The water front I have already mentioned, which we barely touched. The Saratoga difficulty, which we went into and which still is unfortunately left somewhat hanging in the air, I hope we do get all of the full facts about later on.

The testimony of Frank Costello has been of considerable interest to the committee. I think the testimony of the connections between crime and politics that we have had here in New York has been rather outstanding.

I think the question naturally comes to you as to what is going to be done about the evidence that has been brought out and what will be done about the other investigative reports and the other evidence that has been found. I should point out that this committee is not a prosecuting committee. This committee is not a grand jury; it has no power to prosecute anybody or to sentence anybody for any offense except for contempt that may be committed in the presence of the committee. We have no authority over perjury, of course. That is a matter for the United States attorney.

It is our job to present the picture for the purpose of making legislative recommendations, and as an incident to being of any assistance that we can to other people who are concerned with law enforcement, that is a byproduct of our committee. Also to getting the people interested in the problem and presenting the facts to them so that they will do something about it themselves; that is a byproduct of the committee.

My personal feeling is that New York, considering the fact that it is, I suppose, the largest port in the United States, or in the world, with the largest population, the center of dissemination of goods and services, with people from all parts of the world, that considering the size, the location, and the make-up of New York and particularly that New York is certainly not any more criminal-ridden than any other city of the same population.

The people of this great city have tremendous pride in good government and in keeping this city in good shape. I would say that proportionwise, New York is not nearly as crime-ridden as some other cities that we have been in; that is, considering the difference in population.

I have noticed in New York that always there is an effort to make things better. There have been a lot of investigations, and I hope that this investigation may do some good.

I think I should also note that in New York you are very fortunate in having at least two, and more, very capable State's attorneys.

Frank Hogan and Miles McDonald are two of the best that I have ever seen. They go after criminal violations without fear or favor, and very effectively. They are great State's attorneys.

I want to especially thank these two gentlemen for the facts, and the help that they have given us, the suggestions and the cooperation that they have given us in this work.

Vincent O'Connor, Mr. Scotti, with Mr. Hogan, have been most helpful; Mr. Helfand, Mr. Silver, and Mr. McDonald.

I think we have a splendid United States attorney here, Irving Saypol, and his staff.

They are underpaid. You know, it is remarkable that he has a tremendous job here at attorney for the southern district of New York. He has not complained to me, but I know his salary is just about \$10,000, or something of that sort. But he has a tremendous office.

So that we know that whatever violations, the violations of law, and undoubtedly this hearing has brought out many of them. Some of them we may know to be violations may not, under the rules of evidence, be sufficient legally; because perjury, for instance, takes corroborating witness. There are legal safeguards.

But we know, and we have full confidence that every violation of law of the State of New York that has been brought out here, and others that we may have in our files, like water front, and Staten Island, will be vigorously prosecuted by the district attorneys; and I know that Mr. Hogan and Mr. McDonald, especially, are determined to see that anybody who has committed any offense is brought to speedy trial and justice.

And the same goes as to any United States violations of Federal laws. I know that they will be vigorously pushed by Mr. Saypol and his staff.

In my opinion, there have been many cases of perjury committed here. I know that Mr. Saypol will cooperate in these particular matters. They may not be technically sufficient to constitute a crime in every case.

We are going to study the record very closely, and keep in touch with Mr. Saypol, and with the Department of Justice, about the offenses that we think have taken place.

Also on the contempt matters. I mean, on the matters of contempt of this committee, of which there are few, fortunately, in this hearing—but there are some—they will be very closely studied by the committee, and we will make our recommendations to the United States Senate.

I want to say this, in conclusion: That it is very gratifying to receive all of the telegrams and the messages that we have gotten, encouraging the work of this committee. But my personal viewpoint is—and I think that Senator Tobey will agree with me—that while there are some things the Federal Government can do, and should do, to put blocks in the use of the vehicle of interstate commerce by organized crime, that that's only a very small part of what must be done in the Nation.

We must have a cooperative effort of the Federal, State, and local governments, encouraged and spurred on by a vigilant and active interest of the people. And only when that occurs will we be able

to wipe out, or eliminate, most of the crime that we have been talking about.

We will make our recommendations to Congress. I feel comparatively sure that they will include something about the racing wire service, something about the internal revenue, the matter of taxes; something about clearing these transactions through the mails; perhaps something about immigration and naturalization; certainly something about narcotics, try to stop, or lessen, the terrible narcotics violations that we have, and that in some manner or another we want to have a continuing study made of interstate criminal conditions.

My personal feeling is that it should be by independent commission with subpoena powers set up so that it can also coordinate and work with the splendid investigative agencies of the Federal Government. We do have good agencies. There are some sore spots in them, but I think the rank and file are good people.

Senator Tobey and others feel that the committee should go on. That is a matter we will discuss and work out. But we are all in agreement that there should be some continuing study.

The people of the country should not get the impression that whatever is done in continuing some Federal activity to keep a check of what is going on in organized crime is going to be a remedy. The remedy is not going to come that way. It is not going to come by anything that we can do. It is only going to come by the interested people, and I want to say that the telegrams that we have gotten, and the interest that has been shown, is certainly a very, very healthy sign.

Senator Tobey mentioned the fact that I probably may say something about what has been developed. But it probably will not receive very much encouragement when they know that it is the American way to turn the spotlight of information upon bad situations; and then the people, through their governments, do something about it.

Certainly, when we do something about it, it will negate any adverse complaints or information that may be put out.

I am not going to undertake at this time to pass judgment on the conflicting testimony that has been given before this committee. Sufficient it is to say that the large part of the population of the country has been able to see Mr. Moran, and Mr. Crane, and Mr. O'Dwyer, and Mr. Costello, and Mr. McLoughlin, and the various other witnesses who have appeared. One testified one way; the other testified the other way.

These matters are under investigation by the grand juries in Brooklyn or in Manhattan.

We will retire to Washington. We are not going to shirk our responsibility and comment upon the weight of the testimony in our final report. We will go over the testimony very closely, and we will make our report to Congress, to the Senate.

However, I do not want to have anything that I will say here to be used as a defense of some person, or to do anyone an injustice before the duly constituted judicial bodies before whom the proceedings are now pending.

I have here a telegram I would like to read into the record. It is as follows:

Reference to attorney named Polikoff proving very embarrassing to me as an attorney in this city. Would appreciate sincerely your clarifying which attorney named Polikoff is intended.

It is signed "Benet Polikoff."

Senator TOBEY. Mr. Chairman, may I say a word?

The CHAIRMAN. Yes, sir.

Senator TOBEY. I want to talk directly to the audience here, and to the audience across the country on radio and television.

You have heard the last speaker. He comes from Tennessee. He was elected to the United States Senate a few years ago after a very severe contest, and came through triumphantly.

He has been in the House before. We that have come to know him on the Senate floor, and the committee rooms, have for him not only a profound respect, but a very sincere and real affection.

This man, Estes Kefauver, had in his heart a need of decency in America. And so he conceived, in his own mind, this crime committee being formed. And he drew the resolution, and took it on the floor of the Senate, and he had a hard fight to get it adopted.

There were many people there who were opposed to it, and who still are. Estes Kefauver stood up, and in the delightfully fine way of his, he presented his case; and finally the Senate approved it, and this committee became the accomplished fact.

All through these hearings, in our little committee room, and in this larger room, one thing marks this man:

First, his innate sense of fairness. Second, his innate sense of modesty. Third, his very kindly personality.

And so I am one of those Americans who want to pay tribute to my friend and colleague, Estes Kefauver, as a great American, and a Christian gentleman. Long may he live.

The CHAIRMAN. That is very kind of you; but it is awfully undeserved, and it might get you in trouble with your public in New Hampshire.

I have only been a very small part of this investigation. Senator Tobey and Senator O'Connor and Senator Wiley and Senator Hunt have carried more than their share, and have put lots of spark and interest in it.

I did want to mention that George Ames and Herbert Bloomquist, John McCormick, Dennis O'Shea, and Col. Phil King, whom we borrowed from the Maritime Commission, have been investigators for us, who have done tremendous service.

We sincerely hope that what we have been able to do in New York may be of some benefit. As we leave I want to say that we didn't come here with any axe to grind. We didn't come here for the purpose of doing harm to anybody or to protect anybody, but just to present such facts as we thought our committee required us to do.

I also wish to mention Mr. Cahill and Mr. Ahearn, whom we borrowed from the San Francisco police force, who have been here to work with us.

We tried in good conscience, without wanting to harm or protect anyone, to present our facts.

So we leave New York with much appreciation and with our sincere thanks and regards to all of you.

The committee is now adjourned until 10 o'clock tomorrow in Washington.

(Thereupon, at 5:05 p. m., the hearings were adjourned until 10 a. m., March 22, 1951, at Washington, D. C.)

(The following telegram arrived after the close of the hearing and, at the direction of the chairman, is copied into the record as follows:)

In fairness to this 47-year-old family business, I am sure you will want to correct the record of the misstatements made in a telegram read at yesterday's meeting and sent to you by one Rockmore, a manufacturer. Our company has no connection whatsoever with any Mr. Baker or other person mentioned in your investigation. We were not barred from Wright Field during the war but on the contrary, completed governmental contracts specifically designed for Wright Field, totaling in the million dollars throughout World War II, and did other manufacturing work for lend-lease as well.

We are a recognized manufacturer and at the present time have been requested by Wright Field to manufacture jackets and other garments for the Armed Forces. We would appreciate your reading this telegram into the record to keep the facts straight.

I. SPIEWAK & SONS, INC.,
HOUSE OF THE GOLDEN FLEECE.
PHILLIP SPIEWAK.

APPENDIX

EXHIBIT No. 19

AUGUST 6, 1947.

MEMORANDUM TO SUPERINTENDENT

Re: Gambling, Saratoga, N. Y.

Smith's Interlaken.—Operated by Scotchy Morrison (local). Four roulette wheels, three crap tables, one wheel of chance, one bird cage, one card table.

Piping Rock Club.—Operated by Edward MacEwen (local). Jewels Goldstein. Lewis or Sam Gold. Peter Chasetelli, 27 John Street, Elizabeth, N. J. Twelve roulette wheels, five crap tables, two bird cages, two card tables.

Newmans.—Owned by King (local). Operated by Patsy Grennian (Schenectady). Seven roulette wheels, one bird cage, one card table, one crap table.

Del Monticos's.—Owned and operated by Peter Sullivan (Troy). Del Montico (partner). Six roulette wheels, two crap tables, 2 card tables, one bird cage.

Chicago Club.—Operated by Gus Deneatteo (local). Martin (local). Matty Burns (local). One crap table, one roulette wheel, large horse room. This place operates in the afternoon.

Arrowhead.—Operated by John Coakley (local). Backed by Joe Adonis (New York City). Lefty Clark (Detroit). Six roulette wheels, three crap tables, one large card table, two bird cages.

Outhwaite.—Operated by Gilbert Outhwaite (Troy). This is a private club and caters to membership only. Membership cards issued to persons at \$100 each.

Respectfully submitted.

FRANCIS S. MCGARVEY,
Chief Inspector, Commanding Bureau of Criminal Investigation.

NEW YORK STATE TROOPERS,
BUREAU OF CRIMINAL INVESTIGATION,
August 6, 1947.

Subject: Chicago Club, Saratoga Spa, N. Y.

To: Troop Commander, Troop G, New York State Troopers, Troy, N. Y.

Operators.—Gus DeMatteo, Saratoga Spa, and Martin E. Byrnes, alias Matty, Saratoga Spa, N. Y.

Description of property.—9 Woodlawn Avenue, Saratoga Spa, N. Y. Brick building, west side of street.

Gambling equipment.—Horse room with three men in three cages working, one crap table, one roulette wheel.

C. A. LaFORGE, Inspector.

NEW YORK STATE TROOPERS,
BUREAU OF CRIMINAL INVESTIGATION,
August 6, 1947.

Subject: Delmonico's Saratoga Spa, N. Y.

To: Troop Commander, Troop G, New York State Troopers, Troy, N. Y.

Operators.—Restaurant operated by Delmonicos. Gambling casino operated by Peter Sullivan, Troy, N. Y.

Description of property.—Formerly known as Riley's. Restaurant with gambling casino, adjoining bar.

Gambling equipment.—Six roulette wheels, one bird cage, two crap tables, two card tables.

C. A. LaFORGE, *Inspector.*

NEW YORK STATE TROOPERS,
BUREAU OF CRIMINAL INVESTIGATION,
August 6, 1947.

Subject: Smith's Interlocken, Saratoga Spa, N. Y.

To: Troop Commander, Troop G, New York State Troopers, Troy, N. Y.

Operators.—William Morrison, alias Scotchy, Albany, N. Y.

Description of property.—Frame building, gambling casino and large main room; north end of building is lunch counter.

Gambling equipment.—Four roulette wheels; three crap tables; one large wheel, silver dollars placed on numbers; one card table, blackjack deal; one bird cage.

C. A. LaFORGE, *Inspector.*

NEW YORK STATE TROOPERS,
BUREAU OF CRIMINAL INVESTIGATION,
August 6, 1947.

Subject: Piping Rock, Saratoga Spa, N. Y.

To: Troop commander, Troop G, New York State Troopers, Troy, N. Y.

Operators.—Edward McEwen, alias Mac, Saratoga Spa; one Clark, first name unknown; Julius Goldstein, Saratoga Spa and Albany; Louis Gold and Sam Gold, addresses unknown; Pete and Joe Sokol, addresses unknown.

Description of property.—Located outskirts of city; restaurant, bar, and casino which is off bar on west side of building, first floor.

Gambling equipment.—Twelve roulette wheels, three crap tables, one bird cage, one card table.

C. A. LaFORGE, *Inspector.*

NEW YORK STATE TROOPERS,
BUREAU OF CRIMINAL INVESTIGATION,
August 6, 1947.

Subject: Arrowhead, Saratoga Spa, N. Y.

To: Troop commander, Troop G, New York State Troopers, Troy, N. Y.

Operators.—Joe Adonis, Brooklyn; Charles Manny, New York City; J. A. Coakley, alias O. K. Coakley, New York City; Lefty Clark, Detroit.

Description of property.—Frame building, outskirts of city, consisting of bar, restaurant, and casino, all on first floor.

Gambling equipment.—Five roulette wheels, one large wheel, five card tables, two crap tables, two bird cages.

C. A. LaFORGE, *Inspector.*

NEW YORK STATE TROOPERS,
BUREAU OF CRIMINAL INVESTIGATION,
August 6, 1947.

Subject: Newman's Lake House, Saratoga Spa, N. Y.

To: Troop commander, Troop G, New York State Troopers, Troy, N. Y.

Operators.—Restaurant operated by Gerard King, Saratoga Spa, N. Y.; gambling casino operated by Patty Grennon, Schenectady, N. Y.

Description of property.—Restaurant with gambling casino attached in rear.

Gambling equipment.—Seven roulette tables, three in operation; one large wheel, silver dollars placed on numbers; one bird cage; two crap tables.

C. A. LaFORGE, *Inspector.*

SUPPLEMENTAL DATA

INTERNATIONAL LONGSHOREMEN'S ASSOCIATION,
New York 11, N. Y., March 21, 1951.

HON. ESTES KEFAUVER,
*Chairman, Senate Committee To Investigate Organized Crime in Interstate
Commerce, Washington, D. C.*

DEAR SENATOR KEFAUVER: I am submitting to you herewith a brief statement on behalf of myself and the International Longshoremen's Association, of which I am president. I ask that this statement be embodied in the record in the interest of fairness and justice to the ILA, its more than 80,000 members, and myself. This statement incorporates part of the testimony I was prepared to give had I been given the opportunity to testify at the public hearings conducted by you at the Federal courthouse in New York City.

As you know, I was asked to be a witness before your committee as early as February. I gladly agreed to testify and I arranged through Mr. Louis Waldman, general counsel for the ILA, to appear at any time convenient to your committee. On March 14, March 15, and again on March 19, Mr. Waldman was called and advised that I should be in court ready to testify. On these occasions we appeared in court anxious to take the witness stand, but I was not called. On Monday night, March 19, at the end of the evening session, Mr. Waldman was again advised to have me available subject to call. And I have been waiting at his office, which is a block away from the court, for such a call. It never came.

In view of the fact that public statements have been issued by the committee from day to day that I have been called by your committee as a witness, my failure to take the stand may create adverse or unfavorable inferences against the ILA and myself, which the enemies of the ILA will be quick to exploit. That is one reason I am requesting that the facts embodied in this statement, as well as the statement attached, be made a part of your record.

Another reason is that throughout the testimony taken references have been made by other witnesses to the ILA and to me which in justice and fairness I should have been allowed to answer in open court and with the same opportunities and facilities to reach the public. Some of these references were entirely misleading and represented half truths.

Let me give you just two examples:

1. I am informed that in the testimony given yesterday (Tuesday, March 20, 1951) former Mayor William O'Dwyer was asked whether Albert Anastasia "took over" the Brooklyn water front at about the time he became district attorney. His answer was a ready assent without anything more. That answer as it now stands is grossly unfair to the ILA.

The full story is, as former Mayor O'Dwyer well knows, that at about the time when he became district attorney reports reached him and me that Albert Anastasia and one Tony Romeo had obtained control of three ILA locals on the Brooklyn water front. And it was the late Emil Carmada, an ILA organizer, who first brought this fact to our attention. I conferred with Mr. O'Dwyer on this matter. As international president, I took steps to revoke and I did revoke the charters of these locals, reorganized them, had new officers elected, and eliminated Albert Anastasia and Tony Romeo from any vestiges of control.

Whether Ambassador O'Dwyer forgot these facts or just failed to tell them to the committee I do not know. But the inferences from failing to give these facts to the committee and the public are both harmful and unjust to the ILA.

2. Likewise harmful to the ILA and in addition to sound and fair labor relations in our industry were the questions asked by counsel for your committee on Monday night, March 19, of the witness Edward Florio, concerning public loaders. These questions implied that workmen, such as public loaders, on the piers of the port of New York who render the needed and necessary services of pier-to-truck loading of cargo and work on a cooperative basis of dividing what they earn at the end of the week, are not legitimately members of our union because

in the language of your counsel they are "independent contractors" or independent businessmen." The fact is that such employees are properly and legitimately members of our union. They are no different from the thousands of public porters, commonly known as redcaps, on our railroad stations, who are members of organized labor, though, if we adopt the view of your counsel, they are—like the pier-to-truck loaders of our union—"independent contractors" or "independent businessmen." That view is not shared by the trade-union movement. Nor is it the law of the land.

These examples indicate how unfair it was to allow witnesses to parade the name of the ILA and myself throughout the public testimony without giving me an opportunity to reply or clarify the situation.

What follows and attached hereto is my statement embodying the information I intended to present to you as part of my testimony, which I am incorporating and making part of this statement to be included in your record as information the committee will undoubtedly find helpful in formulating conclusions concerning the ILA and the water front.

Respectfully yours,

JOSEPH P. RYAN,
International President.

STATEMENT BY JOSEPH P. RYAN, PRESIDENT OF THE INTERNATIONAL LONGSHOREMAN'S ASSOCIATION

I am happy to cooperate with the Senate investigating committee in its effort to ascertain facts involving crime in interstate commerce. In giving testimony here today, I should like to call to the committee's attention certain fundamental facts which exist in our industry and bear directly on the problem before you.

I

The water front is rough, tough, and casual. That is true of water fronts the world over. The work on the water front attracts men who are physically and psychologically fit to perform the dangerous and heavy tasks required in handling cargo to and from ships and trucks. The industry is serviced by honest workmen. But it also attracts some adventurers and some of criminal bent. The opportunities and temptations to commit crime are many. Both the shipping interests and we of the International Longshoremen's Association know this. As a matter of fact the ILA has gone so far as to include in its collective agreements with the employers a provision specifically authorizing the immediate firing of any union member who commits an act of theft and pledging that such a man, convicted of theft, shall be expelled from the union. The rest—that is, the enforcement of the criminal code—is, of course, up to the police and other law-enforcement agencies.

II

In spite of the individualistic temperament of water-front workers, the ILA, for over 30 years, has maintained an almost unbroken record of peaceful relationships with our employers. At the same time, through the process of collective bargaining and mutual understanding, we have achieved a high level of wages, reasonable hours, and excellent conditions of employment. The minimum straight-time pay for a longshoreman ranges from \$2 an hour to \$3.90 an hour, with time-and-a-half for overtime. We also have a progressive system of welfare and insurance benefits, vacations with pay, and old-age pensions. And next fall we hope to improve on even this contract.

III

The basic policy of the ILA is that our union members must render an honest day's work for an honest day's pay. We do not believe in subtle forms of sabotage, such as slowing up on the job. We are firmly convinced, and have always acted on this conviction, that only a prosperous and stable industry can provide high standards for its labor force. We reject totally the doctrine that the interests of the workers are irreconcilable with the interests of the employers.

IV

Talking of crime on the water front, it is the International Longshoremen's Association that has kept the ports of America clear of the curse of Communist

control—the latest form of predatory crime and more dangerous than any of the forms of conventional crime to which your committee is addressing itself. And, gentlemen, this isn't a red herring, either. As far back as 25 years ago the Kremlin marked the American maritime industry for capture, and Stalin's interest in our water front has never slackened. The ports of our Nation are the links in an international chain of transportation, as nothing else is. He who controls the port of New York has easy access to our land from Vladivostok, Dairen, Geona, or Marseilles. It is the gateway for couriers, spies, and contraband shipments. I say with great emphasis that it was we in the ILA and the ILA alone that fought off this constant and repeated invasion of Communists in this and the other ports of our country. For several years we even had to fight some Communist-inspired pressure from Government agencies in Washington who were then playing ball with the Communists. On the piers of New York marching side by side with Communist agitators were Communist goons, and plenty of them. These had to be fought off. The ILA is not a "Johnny-come-lately" union in fighting Communist saboteurs in industry. If our country today, as in the last war, feels safe and secure in the loyalty of the union men who work on our Nation's piers, it is, I am proud to say, because we in the ILA have done our job well. We can say to our fellow countrymen with reassurance that the maritime industry is capable of coping with our present emergency without the fear that the Communist criminal conspiracy will paralyze and disorganize our shipping in the interest of a foreign power, as it has in many other ports throughout the world, including a part of the Pacific coast, where the Communists did gain a foothold. But it took guts and faith to win the fight.

V

This great fight which the ILA made for loyalty and security in our ports has made our international, and myself as its president, the butt of one of the severest propaganda attacks by those master propagandists, the Communists and their fellow travelers. Our union's shortcomings—and we have them no less than other human institutions—have been exaggerated out of all proportion and flaunted before the world, while our constructive accomplishments are either minimized or completely ignored. Even some good but misguided people sometimes are misled by this propaganda.

VI

Our international has a large measure of local autonomy. Local organizations, piers, and sections, which not only have the normal job of a labor union in fighting for the improvement and preservation of standards of employment but also the additional job of resisting Communist infiltration, have developed strong attachments to local leaders who have seen the men through in these fights. These leaders get elected to local office. They command the confidence of the group which they represent. When the international is called upon to name an organizer in any locality, it naturally names the local leader who commands the confidence of the men. All it can demand of him is that he be loyal to the ILA and its policies. In essence this is democracy. We in the ILA practice it and don't merely talk about it.

STATE OF NEW YORK,
Albany, March 28, 1951.

Hon. ESTES KEFAUVER,
Chairman, Senate Committee To Investigate Organized Crime in Interstate Commerce,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR KEFAUVER: Pursuant to my wire to you of March 21, I am enclosing herewith a copy of the report of Mr. Lawrence E. Walsh, counsel to the Governor, on the testimony of members of the State police at the hearings in New York.

I know you will be interested in the action that I have taken on the basis of the testimony given concerning Saratoga Springs, as reflected in a statement issued by me today, of which I enclose a copy.

If there is any further information which would be useful to you in your work, either now or in the future, if the committee is continued as I hope it will be, I shall be happy indeed to see that you are provided with it.

With kindest personal regards,
Sincerely yours,

THOMAS E. DEWEY.

UNITED STATES SENATE,
April 5, 1951.

GOV. THOMAS E. DEWEY,
Albany, N. Y.

DEAR GOVERNOR DEWEY: I acknowledge with pleasure your letter of March 28 in which you enclose a copy of a report by Lawrence E. Walsh, counsel to the Governor, and also your announcement relative to the establishment of a New York Crime Commission.

I am very much interested in the timely action you have taken in connection with the establishment of this commission, and I know its work will make a great contribution toward better law enforcement.

I shall, unless you have objection, include your letter in the report of our committee and if we have any information or files which would be of assistance to the work of the New York Crime Commission, please let me know.

With kind regards.

Sincerely,

ESTES KEFAUVER.

[Press release]

STATEMENT BY GOVERNOR DEWEY

ALBANY, March 28, 1951.—I am today taking the following action as a result of disclosure before the Senate Committee To Investigate Organized Crime in Interstate Commerce and upon the report of my counsel, Mr. Lawrence E. Walsh:

1. I am directing the attorney general of the State to investigate the relationship between organized gambling and criminal racketeers in the city of Saratoga Springs and Saratoga County.

2. By the same direction the attorney general will investigate the relationship between organized gambling in that city and county and any public officer or political figure.

3. On the basis of such investigation the attorney general is directed and empowered to prosecute criminally.

The foregoing involve a superseder of the district attorney of Saratoga County to an appropriate extent, not because of any suggested or established involvement by him in these matters. In fact, the district attorney took office subsequent to the elimination of organized gambling in Saratoga County by the State police in the fall of 1949. It is clear to me, however, that only an investigation of these matters by one not connected with Saratoga city or county politics will receive the public confidence requisite.

4. Concerning the testimony of Superintendent Gaffney of the State police before the Senate subcommittee and my own inquiry, I find no basis for action affecting the superintendent. While I am grateful for the great positive contributions made by the Senate subcommittee, I recognize the testimonial limitations of an ex parte public hearing. There is no evidence or substantial suggestion in the record that points to venality or impropriety on the part of the State police superintendent. That record does dramatically bring to the fore the serious question of how to limit the operations of a centralized police force in a free country and yet avoid the ludicrous result of nonaction with respect to evidence that comes to their attention concerning crime in cities where they do not operate.

5. An announcement is in process and will appear in the next day or so, establishing a State-wide crime commission. The new commission will explore and make recommendations, among its many other responsibilities, with respect to the several responsibilities of State and local government in the enforcement of the criminal law. This will include specifically a canvass of the functions of the State police and the actual and proper physical, legal, and policy limitations on such functions. It will involve a reexamination of the issue of State control over criminal law enforcement, and the retention of home rule in localities through locally elected officials.

The action today and the future program to be announced will provide effective cooperation with all Federal agencies, especially with the Senate committee if its valuable work is continued, as I hope it will. In addition, the program will be so conducted as not to interfere with but to provide every assistance and to receive every assistance from the excellent investigations now being conducted by the district attorneys of New York and Kings Counties.

[Press release]

REPORT BY LAWRENCE E. WALSH, COUNSEL TO THE GOVERNOR

ALBANY, March 28, 1951.—On March 16, 1951, Superintendent John A. Gaffney testified before the United States Senate Special Committee To Investigate Organized Crime in Interstate Commerce. The questions almost exclusively related to a report on gambling in the city of Saratoga Springs which Superintendent Gaffney had made in August 1947.

Superintendent Gaffney explained to the committee that the State police has never had responsibility for the enforcement of law in cities; that he had the report concerning Saratoga Springs prepared in order to be ready to act promptly upon a request or order from the district attorney or the Governor to raid gambling houses in Saratoga Springs; that the report showed a substantial amount of open gambling in that city; that the proprietors included Joe Adonis; that because of the rigid policy of the State police over its entire 34 years of existence not to interfere in any city, he did not himself direct the State police to take police action in the city, and because of this policy and the general knowledge that gambling existed in Saratoga he did not take further action upon the laxity of law enforcement in that city.

Chief Inspector Francis S. McGarvey and Inspector Charles LaForge implemented the testimony of Superintendent Gaffney by furnishing the details as to the investigation and the transmission of the report to him.

The testimony gives a fragmentary, distorted picture. It furnishes no adequate basis for disciplinary action or for an appraisal of State-police policy. The testimony which is submitted with this report is sufficiently brief not to require a detailed digest and analysis. It can best be reported upon as follows:

1. The committee did not recognize and refused to recognize the sharp division of police responsibility which exists in this State. The State's population is nearly 15,000,000; 8,000,000 live in a single city, 3,000,000 in smaller cities, and 4,000,000 in villages and unincorporated rural areas.

There are 40,000 municipal policemen. There are only 700 State troopers.

The division of State police was organized to meet the request of rural areas for better police protection. Their function is to patrol highways and provide protection in rural areas outside cities.

From the date of their organization in 1917 until the present time they have consistently refused to take jurisdiction of crimes committed in cities. Indeed, they have also completely withdrawn from the county of Nassau and even the unincorporated areas in southern Westchester which are locally policed. Their function was summarized in the report of the New York Constitutional Convention Committee of 1938 as follows:

"The New York State police system which was created in 1917 was designed primarily to provide uniform and uniformed police protection for those areas not otherwise provided with it. Members of the State police have jurisdiction anywhere within the State but usually do not act within cities or other areas which have uniformed-police protection, unless called upon to do so * * * (vol. IV, p. 203).

2. Although the committee almost completely disregarded the problem in its public hearings, there is certainly every basis for the judgment that law enforcement by Saratoga Springs City Police was grossly inadequate.

Police action in the city of Saratoga Springs is the responsibility of the city police. The head of this department is the elected commissioner of public safety, Dr. Arthur J. Leonard, who has held that office since 1931.

Dr. Leonard was not called, so far as we know, as a witness before the committee, at least at the public hearings. In fact, no local law-enforcement official was called by the committee except one city detective.

3. There was no evidence of dishonesty or any improper motive on the part of Superintendent Gaffney or any member of the state police. There was not the least proof of any connection between Superintendent Gaffney or any member of the State police with any criminal or organization of criminals, interstate or otherwise.

4. The testimony before the committee is further confused by several minor errors:

(a) Superintendent Gaffney produced before the committee a copy of the report rather than an original. This was done pursuant to an agreement I made personally with Rudolph Halley, Esq., counsel to the committee, whereby the original reports would remain in the State police file available for inspection and

the committee would be permitted to have copies. Nevertheless, when Superintendent Gaffney testified, unfavorable inferences were attempted to be drawn because Mr. Gaffney had produced the copy instead of the original report.

(b) The chairman asked Mr. Gaffney certain questions on the assumption that one gambling establishment was outside the city limits of Saratoga Springs. That establishment was, in fact, within the city limits.

(c) At several points during Superintendent Gaffney's examination he was victimized by complicated questions which assumed facts not only proven but even facts contrary to those proven. Such questions have long been condemned by the courts and the writers of legal treatises:

"On cross-examination leading questions can be properly asked a witness but misleading questions cannot be. Setting verbal traps for a witness is not a legitimate brand of the art of cross-examination" *Di Bona v. Philadelphia Trans. Co.*, 356 Pa. 204; 51 Atl. 2nd. 768).

CONCLUSION

1. The testimony before the committee, although it exposes a serious issue of judgment with respect to the interpretation of the undeviating State police policy since the founding of the troopers in 1917, does not justify disciplinary action.

2. Since September 1949 weekly inspections by the State police have completely eliminated organized gambling in the city of Saratoga. This raises the serious question whether since they have been ordered into Saratoga, an impossible precedent has not been set, requiring their use in the other 61 cities of the State. Obviously 700 State police cannot and should not be used to duplicate the work of 40,000 city police.

3. The testimony before the committee raises the clear need for further investigation with respect to fundamental law enforcement in the city of Saratoga Springs.

4. The testimony before the committee presents for reconsideration the respective responsibilities of State and local government in law enforcement. The policies presently followed have been fixed for many years. The problem is complex and fundamental to our structure of government. It raises the whole question of home rule. The questions are not for hasty conclusion but rather for careful, objective, and painstaking study by men with a deep understanding of the structure of our State and municipal government.

Respectfully submitted,

LAWRENCE E. WALSH,
Counsel to the Governor.

DEMOCRATIC COUNTY COMMITTEE OF THE COUNTY OF NEW YORK,
New York, N. Y., March 28, 1951.

HON. ESTES KEFAUVER,

*Chairman, Committee on Organized Crime in Interstate Commerce,
Senate Office Building, Washington, D. C.*

MY DEAR SENATOR KEFAUVER: Enclosed please find my statement dated March 28, 1951, together with my letter addressed to the Honorable Whitney North Seymour, president of the Association of the Bar of the City of New York, dated March 27, 1951.

In fairness to the Democratic Party in the county of New York, in fairness to myself as leader of the Democratic Party in the county of New York, and in order to keep the record straight with respect to the matters in said statement and letter treated, I do most respectfully request that this statement and letter attached be received and incorporated in and made a part of the proceedings of your committee.

Very respectfully yours,

CARMINE G. DE SAPIO, *County Leader.*

STATEMENT OF CARMINE G. DE SAPIO

Carmine G. De Sapiro, leader of the Democratic organization in the county of New York, which is officially known as the New York Democratic County Committee of New York County, and sometimes referred to as Tammany Hall, respectfully submits the following statement to the United States Senate Committee on Organized Crime in Interstate Commerce (Hon. Estes Kefauver, chairman; Rudolph Halley, Esq., counsel).

When one realizes that in New York County the Democratic organization known as Tammany Hall has not been in power for almost two decades, first while Mayor Fiorello LaGuardia was in city hall and then during the tenure of Mayor William O'Dwyer, whose political stock in trade for years was not his connection with but his opposition to Tammany Hall, I am perhaps undertaking an impossible task in my purpose hereby to straighten out the confusion in the public mind. In the confused state of the public mind and the record, Tammany Hall seems charged with the sins of those who were not only in no way connected with it politically but of those who actively opposed it and sought its political destruction over the years.

First, it should be remembered that I have been the leader for just 20 months.

Let me take up the alleged and wholly unproved influence of Frank Costello while I have been county leader. Of course, it is not amazing to me that time-serving politicians should seize on this asserted influence as a red-hot political issue.

Political history repeats itself. Republicans and the few Democrats who are at odds with the regular Democratic organization of this county shed crocodile tears over this situation. This hypocrisy has been going on for years.

In truth, they are licking their chops in the hope that a false issue will be presented to the voters this fall when large matters of public policy will be put before the electorate. They hope by innuendo, inference, and plain falsehood to ride into power on the quite unfounded premise that Tammany Hall itself has been found culpable. For these die-hards, the appearance of your committee in New York was the kick-off of the fall campaign.

Now with respect to Costello and his testimony that he knows 14 district leaders out of 41. Without intending any criticism of your procedure, it is a pity that one or two questions in cross-examination could not have been asked of him, e. g.—

1. "Which one of these leaders whom you say you know, know you?"

2. "Have you had any connection with any of these leaders in business or in politics?"

3. "Have you ever exercised any influence with any of them and in what respect?"

The validity of establishing guilt by association is concededly open to serious dispute, but nobody would dare say that there is any support in law or reason for guilt by acquaintance. According to Mr. Costello's testimony he knows 14 leaders. There are 41 leaders of the Democratic county committee in New York. By simple arithmetic he knows one-third of the leaders. Of these 14 leaders several are opposed to my leadership, thus decreasing the Costello influence, if any.

The question is, Are these leaders connected with him, are they influenced by him, and does he have any business with them?

These questions were not asked and, of course, being unasked, remained unanswered. I assure you that the true answers to those questions would have completely absolved Tammany Hall.

Not by words, but by proper and direct action, you will be interested to know that I have moved to have these questions fully and completely answered for the public in this city. I am attaching herewith a copy of my letter of March 27, 1951, addressed to Whitney North Seymour, Esq., president of the Association of the Bar of the City of New York. That letter shows where I stand on all this. May I submit in passing that Costello's acquaintanceship and knowledge of important people has been greatly enhanced in recent weeks; indeed, Costello can now truthfully testify under oath at any place or any time that he knows well and is acquainted with many United States Senators and that he knows best of all, for further example, Senator Tobey, of New Hampshire. He can further, with absolute truth, say that he has talked at great length to many Senators, and that he is very well acquainted with a large number of special writers, commentators, television technicians, and a host of other nice people. Indeed, he could go further and state that he could identify each one of them, that he could pick them out of a crowd and that in his opinion the said Senators and others likewise know him well and that they could pick him out of a crowd of a million.

In view of all that has transpired the impression, I regret to say, seems to be quite general as a consequence of the fantastic construction or the careless construction put upon various phases of the testimony before your committee that sinister underworld figures fraternize on intimate terms with Tammany leaders. Moreover, there even appears to be a belief that these characters are

familiar figures at Tammany headquarters. Let me assure you there is absolutely no truth in this; and it is assuredly unjust to the many men of good character who work hard in our party and who shape the course of our organizations conduct, participating in the selection of its candidates, in the framing of the platform on which nominees seek public support, and in all the other work which men active in politics do.

Costello is not a power in Tammany Hall. He is not a power behind Tammany Hall. He does not dictate nominations. He does not select judges. He does not control nor has he any influence over my policies or those of the Democratic organization in this county in any way, shape, or form, directly or indirectly. Since my election as leader, Costello has never suggested, counseled, or requested any program or any choice of candidates. If I knew how to make this more unequivocal than I have made it, I would do so. Let me repeat, there is no Costello influence today or since I have been leader in Tammany Hall.

I wish also to add that not a single one of the district leaders serving under me on the county executive committee has been accused in any way in the recent disclosures of corruption and gambling. No charge was leveled against a single member of the county executive committee. No instance was pointed out where any such man was even suspected of complicity in graft, gambling, or gangsterism.

Our organization has been the political whipping boy for many years. Whenever an ambitious politician of any party wants to draw around himself the cloak of civic virtue, he assails Tammany Hall. The form of attack has been so standardized that it is a wonder that it has not been made commercially available in legal form in a stationery store. When overambitious politicians find their popular or newspaper support on the wane, a campaign is opened up against the "iniquities" of Tammany; they trot out the old newspaper releases, change the date, and send it to the editor. I challenge the sincerity of these attacks and deny their application to the present leadership. When officials have found themselves in trouble and desire to divert attention from themselves while under scrutiny, many of them have found an easy and time-tested method of doing it—twisting the tiger's tail. But we don't intend letting anyone get away with this in the future. Our organization refuses to continue in the role of a political scapegoat. Our record is a good one. Our candidates have been excellent. Our policies are based on the philosophy of the great Democratic Party as it has been developed by one Democratic State and National leaders. To that philosophy we have given unstinting support. We shall continue to do so.

I make this statement for the record of my stewardship because I believe that your committee and the public is entitled to have it, and I make this further flat, blunt pledge: There will be no gangster control or influence in Tammany as long as I am leader. If a leader—any leader—in any way betrays the public interest, be assured that I will join in his summary removal.

And also please remember that when they speak of Tammany, Tammany is the Democratic Party in New York County.

There is no reason in truth or fact why Democrats cannot be proud of it today and notwithstanding everything which was developed publicly before your committee, providing, of course, the testimony is understood and properly analyzed. The Democratic Party gave us Al Smith, Bob Wagner, and Herbert Lehman. It will continue to develop and give great men to the party and to the public service. That is what my leadership stands for.

DEMOCRATIC COUNTY COMMITTEE, OF THE COUNTY OF NEW YORK,

New York, N. Y., March 27, 1951.

Hon. WHITNEY NORTH SEYMOUR,

President, Association of the Bar of the City of New York,

New York, N. Y.

MY DEAR MR. SEYMOUR: Since I became leader of the Democratic organization of New York County 20 months ago, your association has requested, and received, my wholehearted cooperation in the examination of the fitness of candidates for the bench so that judiciary in this area might enjoy the reputation essential to an administration of justice commanding the respect of the people.

Now the Democratic organization, and I as its leader, turn to you for your cooperation for the same purpose.

The Kefauver committee has come this way and gone. Of course, lawyers will realize that New York City is not America, that there are other matters requiring the Senate committee's attention elsewhere, and that perhaps the committee already has all of the information it requires for its special purpose, to

wit, to formulate a legislative program. It is no criticism of the Kefauver committee to say, however, that it is most unfortunate for this city that the committee apparently will have to leave the situation in this area without further study or public hearings.

To cut right through the fire and smoke, the charges and countercharges, and the repercussions remaining after the departure of the committee, you know as well as I do that, although the testimony presented before the Kefauver committee shows no such thing, the man on the street now believes that it has been established that Costello controls the local Democratic Party, and what is more serious and what directly concerns the bar association, that Costello is the judge maker in this county. Although your committees, charged with passing upon the judicial candidates sponsored during my 20 months as leader, know the quality and caliber of candidates who have been presented to the electorate, their own faith in justice is not enough.

I submit it is now up to you and the association of the bar of this city to delve deeply and completely into this matter, to investigate and thoroughly study this situation, and then to tell the public loudly and plainly either that it is true or that it is not true that justice and the judiciary are contaminated in this city. To be realistic, unfortunately my repeated and now again my denial that Costello has any influence with me or has exercised any influence in the selection of judges since I have been leader will not alone accomplished a reestablishment of faith in our judiciary. The fact, which is common knowledge, that members of the bar in this county, both Republicans and Democrats (except possibly a few frustrated or disappointed candidates for the bench), have had and continue to have faith in me and my integrity likewise does not solve the serious problem confronting those like yourself who appreciate that the administration of justice cannot function properly under a cloud.

I, therefore, ask you to appoint immediately a committee of New York's ablest lawyers to make a complete study and investigation of all phases of this matter with a direction that the committee make a full public report at the earliest possible time. I pledge you that not only will I personally cooperate and be available to testify under oath, publicly or in executive session, without subpena, but also that every district leader under me will likewise be available under penalty of being removed from the executive committee of the organization for any failure to testify freely before, or cooperate fully with, your association.

As sad as I am that all this has happened to mar what I had every hope and reason to believe would be, under my administration, the cleanest administration Tammany Hall ever had, I am fully mindful of the great challenge that I have to meet through no fault of mine. I am prepared to meet this challenge, and with your help I shall be able to meet it successfully. May I say that I believe the task I am asking your association to undertake is the biggest and, from the public standpoint, probably the most important one ever to be submitted to your association since it was founded.

I have turned to your association first because it is recognized as the bar association of greatest action and influence in the community. Needless to say, if for any reason your association does not or cannot undertake this task which to me seems so essential, I shall submit the matter to one of the other local bar associations for consideration.

May I, in view of the current urgency of this subject, hear from you, in person or by letter, at your earliest convenience after receipt of this letter, so that I may know your position with reference to this matter.

Sincerely yours,

CARMINE G. DE SAPIO, *County Leader.*

WASHINGTON, D. C., March 22, 1951.

HON. ESTES KEFAUVER,

DEAR SIR: In order that the members of your committee may be acquainted with the action I have taken relative to the testimony of John P. Crane before your committee Wednesday afternoon, March 21, 1951, I am quoting below a telegram I have sent him this date:

"In view of your testimony before the Kefauver committee Wednesday afternoon, March 21, I hereby request that you resign before 12 noon on Friday, March 23, 1951, as vice president of the International Association of Fire Fighters. Your actions have been detrimental to the best interests of our associa-

tion and the fire fighters everywhere. If I do not have your resignation prior to the time mentioned I shall proceed in accordance with the constitution and bylaws to suspend you from office."

I respectfully request that you insert this telegram in the committee record in order that your committee and the public may know that the actions of Mr. Crane will not be tolerated by the International Association of Fire Fighters nor do they reflect the attitude or practices of our locals anywhere.

Respectfully yours,

JOHN P. REDMOND,
President, International Association of Fire Fighters.

JACKSON HEIGHTS, N. Y., March 27, 1951.

Senator ESTES KEFAUVER,
Senate Crime Investigating Committee:

The statements of Judge Samuel S. Liebowitz before your committee yesterday omitted certain essential facts which should be made public by you in fairness to the integrity of the overwhelming majority of New York City's policemen.

Judge Liebowitz has stated repeatedly in the past that more than 99 percent of New York City's police are reputable law-enforcement officers. He has also stated in the past that only a small handful is under suspicion during the year and a half of the Brooklyn investigation which has resulted in only one indictment.

Judge Liebowitz's statements should be amplified to include the definite statement of fact that the rank and file of New York City's policemen have no contact with gamblers in their official duties. New York's policemen, according to the newspapers, radio, and taxpaying citizens, continue to retain the trust of the people as New York's finest.

I ask on behalf of 19,000 policemen and their families that you make these facts public to the millions of Americans who have a right to the full truth.

JOHN E. CARTON,
President, Patrolmen's Benevolent Association, City of New York.

×



BOSTON PUBLIC LIBRARY



3 9999 06351 621 3



